



Daily Report

East Europe

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**NATO Dilemma Over Siting of HQ in
Ex-Yugoslavia**

AU0711155795 Paris AFP in English
1504 GMT 7 Nov 95

[by Jacques Charmelot]

[FBIS Transcribed Text] Zagreb, Nov 7 (AFP)—NATO's backroom planners face a delicate choice of where they should site the headquarters for the new multinational force to police Bosnia's brittle peace—Zagreb or Sarajevo.

"The problem has not been settled," a top UN military official told AFP here Tuesday, after recent indications by Bosnian government officials that Sarajevo would be nominated.

The dilemma goes beyond straightforward geographic grounds, the official said. At its core is a sensitive political question of which of the two uneasy allies to favour. Choosing one over the other could destabilise the delicate Croat-Moslem Federation, and, worse, weaken whatever peace agreement results from U.S.-brokered talks in Dayton, Ohio.

The Sarajevo government is already uneasy about any moves to deploy a powerful peace-enforcement contingent on its territory, and would be doubly distrustful if the headquarters were established in its powerful neighbour's capital.

The shaky Federation's Vice-President Ejup Ganic cranked up the pressure on NATO planners when he said on Sunday that the headquarters of the U.S.-led force would be Sarajevo.

Military planners say they are giving the possibility serious consideration, examining the practical problems of siting a military headquarters, with more than 1,000 staff, in a city which is slowly emerging from a crippling three-and-a-half year siege.

But Sarajevo's great handicap is its accessibility, or lack of it, especially in winter, when snows can paralyse traffic on difficult roads destroyed by years of attritional war.

Its airport is in such a state of disrepair that military officials say it will have to be totally refurbished.

Zagreb is an entirely different prospect, however, having been the base for UN operations in the former Yugoslavia, housing more than 1,200 military and civilian employees.

The city boasts good communications, and an airport untouched by the indiscriminate damage of war.

"Croatia is the key to the force's support operation," the military official said. Its Adriatic ports like Rijeka, Split and Ploce will be the landing points for a large part of the 60,000-strong force for operation "Determined Effort," particularly for the French and British contingents.

The NATO force will be led by U.S. Navy Admiral Leighton Smith and deploy in three sectors of Bosnia—U.S. forces in the north, British in the centre-west and French in the eastern sector.

Apart from the purely practical reasons which seem to point to Zagreb as the headquarters, military experts also say that that custom in western armies is that headquarters are never sited in the theatre of operations itself.

A compromise could yet be worked out to avoid upsetting the Bosnians, the military officer said, by establishing "advance-headquarters" in Sarajevo, with Leighton Smith making aerial shuttles between Zagreb and the Bosnian capital.

Sofia Environment Conference Declaration

AU0711123795 *Sofia Environment for Europe
Ministerial Conference Handout in English
23-25 Oct 95*

[Declaration issued by the UN ECE environment ministers at the "Environment for Europe" Ministerial Conference held in Sofia, Bulgaria, on 23-25 October 1995: "Ministerial Declaration by the Ministers of the Environment of the region of the United Nations Economic Commission for Europe (ECE)"—received directly at the conference]

[FBIS Transcribed Text]

PREAMBLE

1. (We, the Ministers from 54 countries in the ECE region, met at Sofia, Bulgaria, from 23 to 25 October 1995, in the third of a series of meetings held as part of the "Environment for Europe" process.)

2. We reaffirm our commitment to cooperation in the field of environmental protection in Europe, the principles of which were agreed in Lucerne, Switzerland, on 30 April 1993. We underline the urgent need for the further integration of environmental considerations into all sectoral policies, so that economic growth takes place in accordance with the principles of sustainable development. We recognize that the countries in the region have a common but differentiated responsibility, both in contributing to global environmental problems and in actively taking a lead in resolving them in line with the objectives of Agenda 21.

3. We deeply regret that armed conflicts in parts of the region have led to loss in human lives and to a further degradation of the environment and support appropriate measures to limit this degradation.

4. We acknowledge that, since our meeting in Lucerne, progress has been made in a number of areas, but many serious problems remain, such as those of health and environment and others described in the Dobris Assessment, as well as nuclear safety. Our conclusions as to how we should address them together are as follows:

**IMPLEMENTATION OF THE
ENVIRONMENTAL ACTION PROGRAMME
FOR CENTRAL AND EASTERN EUROPE (EAP)**

5. We welcome the positive results achieved by the central and eastern European (CEE) countries and their partners in implementing the EAP and we continue to endorse its broad strategy. There are clear signs that policy reforms, institutional strengthening and environ-

mental investments have been producing improvements in environmental conditions in CEE countries.

6. We recognize that the EAP Task Force has provided an effective mechanism for disseminating and promoting the implementation of the EAP. We endorse the continuation of the Task Force and we encourage the CEE countries to assume greater ownership of the EAP implementation process. We invite the EAP Task Force to develop a workplan within the EAP which will support the integration of environmental interests into the areas of economic and social reforms in the CEE countries. Countries participating in the "Environment for Europe" process for the first time are urged to endorse the EAP and to participate in the work of the Task Force.

7. We welcome the progress achieved by the CEE countries in developing and implementing the National Environmental Action Programmes (NEAPs) and we strongly urge that they should be further developed and implemented. Coordination should be ensured with the objectives and implementation of the National Environmental Health Action Plans. The EAP Task Force should evaluate progress made, by the end of 1997, using the Framework Document for Developing NEAPs. Various partnerships associated with these efforts including informal sectors should be strengthened taking into account the best practice guides developed within the framework of the Task Force.

8. We endorse the achievements of the Project Preparation Committee (PPC) and we are committed to supporting the continuation of its activities so as to facilitate and strengthen environmental investments in CEE countries. The PPC should strengthen its cooperation with CEE countries and, in conjunction with NEAPs, identify, prepare and develop economically viable environmental investment projects. The PPC should also continue to work closely with the EAP Task Force to enable it to integrate policy reform, institutional strengthening and investment efforts.

9. We welcome the "Sofia Initiatives" developed by CEE countries in cooperation with the EAP Task Force and international financing institutions (IFIs). These initiatives build on achievements in CEE countries in reducing pollution through policy, regulation and investment. They will provide concrete steps to further implement the EAP after the Sofia Conference, in cooperation with western partners, and to exchange experience.

10. At the same time, we recognize that more account needs to be taken of developments such as the association agreements, which some of the countries concerned have signed with the European Union, and the special needs of the newly independent States. In particular, we

urge that due account is given to environmental cooperation and welcome the intention of the parties concerned to set up subcommittees on the environment within existing and new association agreements of central and east European Governments with the European Union.

ENVIRONMENTAL FINANCING IN CEE COUNTRIES

11. We recognize that, in general, the financing of environmental expenditures should be based on the "polluter pays principle". Domestic financing by CEE countries is decisive. During the transition period it is insufficient, however, to tackle all of the serious environmental problems of the region and external financial resources will continue to be important as a catalyst. We welcome, therefore, the approaches outlined in the "Integrated Report on Environmental Financing" to overcome the barriers to environmental investment, both domestic and external.

12. All countries should pay particular attention to removing macro-economic imbalances, establishing effective environmental standards and regulations, strengthening compliance and enforcement, addressing liability issues, reforming prices for energy and natural resources, reducing subsidies harmful to the environment, and introducing cost-recovery mechanisms. Donors and IFIs should continue to support the efforts of CEE countries to establish these and other necessary preconditions for environmental investment.

13. While recognizing and welcoming the increase of financial assistance for the environment, we stress the importance of external financial assistance, as a catalyst, for the environmental investment projects in CEE countries. In the same context we call on individual donors and IFIs to further improve the efficiency of their assistance, to make the environment a high priority area in theft assistance programmes, to consider devoting an increased proportion of the total assistance to the environment and to promote environmental investment in CEE countries including through innovative financial mechanisms. We underline that IFIs, the external private sector and bilateral donors will continue to play an essential role, especially during the transition period. We will focus our cooperation efforts on the priority needs established by the CEE countries including priorities which have been set in subregional cooperation and to promote the involvement of local consultants and procurement, promote and financially support twinning arrangements, and consider other steps and mechanisms to improve our assistance. We also encourage the further commitment of donors to co-finance with IFIs under the PPC or other framework environmental projects in the CEE countries.

14. We encourage CEE countries to enhance domestic financing for environmental investments. In particular, noting with appreciation the results already achieved, we support the establishment and strengthening of environmental funds by CEE countries following the recently prepared guidelines. We call upon external donors and IFIs to support and work together with environmental funds to achieve these goals.

15. We acknowledge the results achieved and support the further development and wider application of environmental or "green" equity schemes, as well as guarantee schemes adapted to environmental projects, taking into account the diversity of situations. We call on public and private investors, IFIs and countries to develop concrete programmes for implementing such schemes on a pilot basis, based on sound banking principles. We welcome specific commitments of interested parties to such initiatives.

16. We call on bilateral donors to consider, in keeping with their domestic legislation, mutually untying traditionally tied financing, including grant assistance and soft financing, with appropriate modifications to procurement and bidding procedures. We welcome the continuation of ongoing multilateral discussions regarding the increased use of untied financing by donors within the OECD.

17. We note the recent initiatives to establish pilot projects for activities implemented jointly as a cost-effective means for private investments to reduce greenhouse gas emissions on a bilateral basis. We call for the further development of the pilot projects and reporting on national experiences within the United Nations Framework Convention on Climate Change. We encourage, inter alia, the PPC to play a role in identifying such potential pilot projects, and note the efforts by UNEP [United Nations Environment Program] to facilitate the exchange of information on the subject.

18. Recognizing the importance of supporting environmental projects and of including environmental considerations in others, we call upon the IFIs to provide their most favourable terms and conditions for qualified environmental investments in both public and private sectors. Such terms might include provision of longer maturities, longer grace periods, increasing the IFI financing share of loan projects and lower limits on minimum IFI loan sizes. We also call upon the IFIs to direct more internal resources to preparing and managing environmental projects and to make better use of their ability to mitigate political risk and to continue and improve their practice of blending loans and donor grants in well-designed financial packages.

19. We recognize that for some countries debt-for-environment swaps are a useful and valuable option offering benefits to the creditor and debtor countries and the environment. We note with appreciation initiatives in this area.

BUSINESS, INDUSTRY AND ENVIRONMENT

20. We affirm the crucial importance of the business and industrial sectors in securing environmentally sustainable economic development in Europe and in reducing current levels of pollution and the risk of environmental degradation.

21. We acknowledge the significant progress made in a number of countries as a result both of policy and price reform and of energy saving, waste minimization and cleaner production measures applied in individual plants; but we note that some beneficial effects result from lower levels of production, particularly in central and eastern Europe, rather than from environmentally friendly investment.

22. We commit ourselves to a close and continuous consultation with the business sector, including small and medium-sized enterprises, and other stakeholders in the process of:

(i) Developing, phasing in compliance with, and equitably enforcing environmental regulations with a view to ensuring a sound and healthy environment, least-cost and equitable solutions for environmental problems and resolution of liability issues; and

(ii) Encouraging the private sector to take stronger responsibility for protecting the environment and human health through sound environmental management and other voluntary mechanisms taking into account, where possible, the positive economic effects of such mechanisms.

23. We welcome and endorse collaborative business and industry programmes, particularly to develop capacity building for environmental management in CEE countries. We call for the implementation of product stewardship from cradle to grave and the introduction of a corresponding responsibility on the part of industry and business. We support new programmes and investments to improve the environmental performance of large polluting plants in central and eastern Europe which are likely to remain in the public sector for some considerable time. We invite the EAP Task Force to draw up a work programme to promote the implementation of cleaner production programmes in all CEE countries by 1998 and to foster cooperation and networking among all the stakeholders involved in cleaner production.

24. We call upon the industry and business sectors to strengthen their environmental commitment and performance. Business should fully recognize the increasing potential of the environmental goods and services industry, the access to markets to be obtained through high environmental standards and the importance of environmental management and audit. We believe that high environmental achievement is good for business as well as for the wider community.

25. Taking into account the United Nations Commission on Sustainable Development's decisions on sustainable consumption and production patterns, we invite interested Governments, industry, environment and consumer organizations, in cooperation with relevant international organizations, to establish a trial programme for more environmentally benign procurement.

BIOLOGICAL AND LANDSCAPE DIVERSITY

26. Recognizing the uniqueness of landscapes, ecosystems and species, which include, inter alia, economic, cultural and inherent values, we call for a Pan-European approach to the conservation and sustainable use of shared natural resources. We endorse the Pan-European Biological and Landscape Diversity Strategy, as transmitted by the Committee of Ministers of the Council of Europe for adoption at this Conference, as a framework for the conservation of biological and landscape diversity. We welcome the readiness of the Council of Europe and UNEP, in cooperation with OECD and IUCN (International Union for Conservation of Nature and Natural Resources), to establish a Task Force or other appropriate mechanism in order to guide and coordinate the implementation and the further development of the Strategy. In this respect we request the widest possible consultation and collaboration in order to achieve its objectives with a view to reporting on progress at the next Conference.

27. We welcome the IUCN report "Biological and Landscape Diversity in Central and Eastern Europe: Best Practices for Conservation Planning in Rural Areas", carried out under the auspices of the EAP Task Force, and encourage its application especially in mountain areas.

28. We urge that all Parties effectively implement the Convention on Biological Diversity and other relevant conventions in the region. We urge all Parties to elaborate, and other countries to consider the elaboration of, national strategies, plans and programmes, on biological diversity by 1998, and call upon all countries to cooperate in taking concrete measures.

29. We call for the promotion of nature protection, both inside and outside protected areas, by implementing the

European Ecological Network, a physical network of core areas linked by corridors and supported by buffer zones or other appropriate measures, thus facilitating the dispersal and migration of species.

30. We call for an adequate contribution from national, bilateral and multilateral funds and for increased contributions from the private sector for actively promoting conservation of biological and landscape diversity, and for the development and application of innovative financing mechanisms for this purpose. Relevant efforts should involve local communities, informal sectors and government authorities at all levels.

31. We call for the effect of agriculture on the environment to be recognized, and for agricultural practices to be conducive to the conservation and enhancement of biological and landscape diversity.

ENVIRONMENTAL AND NUCLEAR ISSUES

32. In view of the continuing grave concern about unsafe nuclear installation, almost ten years after the Chernobyl accident, we reaffirm our commitment to phase out, as soon as possible, unsafe nuclear installations, in particular unsafe nuclear reactors. [Footnote: Austria, Iceland, Ireland, Luxembourg, Norway and Sweden reaffirm their position that the use of nuclear energy in general should be phased out in the long term. This position is shared by Denmark and Latvia.] Such action should be accomplished through international co-operation. In this context we welcome the adoption of the International Convention on Nuclear Safety and we invite all countries with nuclear installations to become a party to the Convention as appropriate. In implementing these policies, particular emphasis will be placed on the development of new and renewable sources of energy and enhancement of energy efficiency, taking into account the socioeconomic and environmental conditions in the countries concerned. Moreover, we are committed to solve the problems connected to the management of nuclear wastes and enhance prompt and effective response to environmental emergencies.

33. We recognize the need for improving existing regimes on international liability for nuclear damage and establishing such effective regimes in all countries in order to ensure the channelling of liability to operators of nuclear installations to ensure adequate compensation to reimburse victims for damage to health and property. Damage to the environment should be considered for inclusion in such liability.

34. We note the concerns expressed by many States about the risks of environmental and health damage involved in nuclear arms testing and recall the precautionary principle enshrined in principle 15 of the UN

declaration on environment and development of June 1992 (the Rio Declaration).

35. We share the expectation expressed by the 39th General Conference of the International Atomic Energy Agency that the negotiations for a Comprehensive Test Ban Treaty will be completed and a Treaty signed in 1996 and urge all participants in the negotiations to further intensify their efforts to this end.

ENVIRONMENTAL PROGRAMME FOR EUROPE

36. We are concerned by the findings of the "Europe's Environment: The Dobris Assessment" report, which was called for at Dobris and which assesses for the first time Europe's environment as a whole, since it demonstrates the need for far-reaching action in a number of environmental sectors, being addressed in the Environmental Programme for Europe. We suggest that the European Environment Agency should build on the assessment, using the Pan-European network for data collection, processing and dissemination, by reporting progress in respect of the main issues covered by the assessment, provided that the necessary resources are made available.

37. We call on all European countries to take steps with a view to participating in the work of the European Environment Agency in order to make comparable, harmonize and coordinate existing data collection systems, and call for assistance to be provided for that purpose, where appropriate.

38. We endorse the Environmental Programme for Europe (EPE), which addresses some of the findings of the Dobris Assessment and highlights a number of long-term environmental priorities at a Pan-European level.

39. The Environment Ministers of Europe endorse, in particular, the key recommendations for action in Europe in the EPE as annexed to this Declaration, and call for their implementation while recognizing the need for a differentiated approach.

40. We invite the ECE to assess and report on progress in the implementation of the Programme to our next Conference.

PUBLIC PARTICIPATION

41. We believe it is essential that, in accordance with Principle 10 of the Rio Declaration, States should give the public the opportunity to participate at all levels in decision-making processes relating to the environment, and we recognize that much remains to be done in this respect. We call upon all countries in the region to ensure that they have a legal framework and effective

and appropriate mechanisms to secure public access to environmental information, to facilitate and encourage public participation, inter alia, through environmental impact assessment procedures, and to provide effective public access to judicial and administrative remedies for environmental harm. We invite countries to ensure that in relevant legislation effective public participation as a foundation for successful environmental policies, is being introduced.

42. We endorse the ECE Guidelines on Access to Environmental Information and Public Participation in Environmental Decision-making and invite ECE to review their implementation in 1997 and to report to the next Conference.

43. We will ensure that the results of this Conference will be broadly disseminated. We request international organizations in the Environment for Europe process to do the same.

REGIONAL ENVIRONMENTAL CENTERS

44. We reconfirm the Lucerne call for training and education schemes in environment management for NGOs [nongovernmental organizations] and the media, we commend the efforts of the Regional Environmental Center in this area and call for greater support for this Center. We welcome the initiatives to establish additional regional environmental centres for NIS and encourage interested donors as well as governments of beneficiary countries to assist in creating a network of such independent centers.

ENVIRONMENTAL CONVENTIONS

45. We call on all countries in the region and the European Community to ratify, or accede to, as appropriate, environmental conventions of relevance to the ECE region, in particular the recent ECE environmental conventions and protocols, and consider it essential that all necessary steps should be taken to ensure implementation and compliance with these instruments, and support the proposed development of new protocols on further reductions in the emissions of nitrogen compounds as well as of persistent organic pollutants and heavy metals under the Convention on Long-range Transboundary Air Pollution.

THE FUTURE

46. We will contribute through the European Environment and Health Committee to the preparations for the third European Environment and Health Conference to be held in London in 1999.

47. We believe that the "Environment for Europe" process remains essential as a political framework for

cooperation in the field of environmental protection for Europe. Its structure must enable all countries of the European region to play a full and equal part in the further development of that cooperation and take account of related activities at the Pan-European level, notably on environment and health, environment and transport, and sustainable management of forests, in order to create synergies and avoid duplication of efforts. The structure of the process must also be efficient and cost-effective. The emphasis should be on concrete actions.

In this context:

—The ECE Committee on Environmental Policy should screen the EPE in order to make proposals for concrete priority actions.

The development of a regional Convention on Public Participation should be considered with appropriate involvement of NGOs.

—The Task Force of the EAP and the PPC should continue their work. The financial aspects regarding this work should be further developed in these frameworks. The present secretariat arrangements should be continued.

The PPC should keep the Task Force informed of its activities.

—The follow-up of the Pan-European Biological and Landscape Diversity Strategy, as referred to in point 26 above, should be pursued within the agreed mechanisms, open to all countries of the region.

The Task Force of this Strategy should keep the ECE/CEP [expansion unknown] informed of its activities.

—The European Environment Agency, referred to in point 36, should carry out further work on the Pan-European state of the environment assessment by reporting progress in respect of the main issues covered by it, in due course, before the next conference.

—We call upon the NGO community to continue their involvement in the "Environment for Europe" process.

48. We acknowledge the large extent of work done to date in the framework of this process and the important role of the ECE in overseeing the process in close cooperation with relevant agencies. We consider that this complex process now needs to be simplified and streamlined.

As a first step, we agree on the following regarding the next Ministerial Conference:

—at the next meeting of the ECE/CEP, a preparatory Ad Hoc Working Group of senior officials should be

established, ensuring the full and equal participation of all UNIECE [expansion unknown] member countries as well as the participation of the European Commission, relevant international organizations and bodies and NGOs. It should be chaired by the host country of the next conference;

—this Ad Hoc Working Group should not convene until 12 months before the next conference;

—the work of the above Group should be prepared by an Executive Committee composed of three senior officials from the CEE countries and three senior officials from the western European countries. It should be chaired by the host country, the Vice-Chairman being a senior official from the CEE countries. The Executive Committee should be established at the next meeting of the ECE/CEP;

—the practical preparations for the next conference will be the responsibility of the host country.

49. We gratefully acknowledge the offer of the Government of Denmark to host the next Ministerial Conference in May 1998.

50. We express our deep gratitude to the Government of the Republic of Bulgaria for having hosted the Conference and we wish to thank it and its people for the hospitality received.

ANNEX

KEY RECOMMENDATIONS OF THE ENVIRONMENTAL PROGRAMME FOR EUROPE

PROMOTE the participation of all European countries in the work of the European Environment Agency in order to make comparable, harmonize and coordinate existing data collection systems and to provide the necessary information for the next Pan-European state-of-the-environment reports.

APPLY the ECE Guidelines on Access to Environmental Information and Public Participation in Environmental Decision-making, respecting any limitations to their application which may arise if subnational approval is required in federal States, and invite the ECE to review the implementation of these Guidelines in 1997.

ENSURE the integration of environmental considerations into decision-making, including the consideration of environmental costs and benefits and the assessment of risks involved and the application of the precautionary and polluter-pays principles in all key sectors, and take further steps to promote partnerships between ministries, parliaments, business and industry,

non-governmental organizations (miGos) and other major groups.

RECOGNIZE the United Nations Environment Programme (UNEP) Meeting on Military Activities and the Environment convened in Linköping (Sweden) in cooperation with the ECE in 1995 as an important contribution to the dialogue between the military and environmental sectors, recognize and encourage the efforts made by the military sector in many countries in addressing environmental problems as well as those conducted or planned under the auspices of the North Atlantic Treaty Organization's Committee on the Challenges of Modern Society, in which all countries are invited to participate, and invite other appropriate international organizations to consider promoting, at an appropriate time, a dialogue between the military sector and environmental ministries and organizations on the development of national environmental policies for the military sector

ENCOURAGE the ratification of and ensure compliance with, international legal instruments in the field of the environment of relevance to the ECE region, in particular the recent ECE environmental conventions and protocols.

TAKE measures which will ensure that all European countries have reached a high level in energy efficiency by the year 2010.

FULLY IMPLEMENT existing national commitments under the Framework Convention on Climate Change and pursue the process of strengthening those commitments as agreed in the Decisions of the 1995 Berlin Conference of the Parties, using all appropriate means for that purpose such as a

(a) economic instruments, including fiscal measures such as CO₂/energy taxation and the elimination of disincentives to the efficient use of energy;

(b) the provision of more efficient thermal insulation for buildings;

(c) the promotion of the use of new and renewable sources of energy;

(d) the reduction in CO₂ emissions from energy-intensive industrial sectors;

(e) the reduction in greenhouse gas emissions from the transport sector.

(f) the enhancement of carbon sinks in agriculture and forestry sectors;

(g) the reduction of methane emissions through, for example, improved management of municipal landfills.

INVITE interested Governments, in cooperation with the ECE and other relevant intergovernmental organizations/institutions, business and industry, environmental and consumer organizations, to identify ways and means of carrying out life-cycle assessments and environmentally benign procurement and of facilitating market access for environmental goods and services in the ECE region.

ENCOURAGE the implementation of product stewardship from cradle to grave, the introduction of a corresponding producer's responsibility and the internalization of external costs.

TAKE FORWARD existing efforts to improve the resource efficiency and reduce the environmental and health impacts of all forms of transportation by introducing policies that take into account the mode of transport and the possibilities for reducing the volume of transport; to these ends, promote a variety of actions, including better land-use planning, strengthening water, rail and public transport systems, tightening technical standards and applying environmental impact assessment and economic instruments, such as measures to encourage the further use of unleaded petrol, to reduce the lead content of petrol with the aim of phasing out lead in petrol, to reduce vehicle fuel consumption and the introduction of air fuel taxation at an international level.

DEVELOP AND IMPLEMENT codes of good agricultural practice on local, national and Pan-European

scales, to protect waters, soils and the environment in general, and invite the ECE, in that regard, to develop appropriate best practice guidance.

STRENGTHEN measures to protect soil and draw up appropriate remediation strategies to control water shortages and desertification, in particular in eastern and southern Europe.

MINIMIZE to a harmless level discharges into transboundary waters from point and non-point sources likely to cause adverse transboundary impacts, and implement, in a transboundary context and by way of agreements between riparian parties, sustainable water management schemes established by joint bodies in consultation with water users within the framework of the agreements mentioned above.

SUPPORT the efforts made for the integration of the conservation of biological and landscape diversity in all sectoral policies in the region.

PROMOTE the sustainable management and conservation of all kinds of forests, especially by supporting the ongoing international processes, such as the work of the Intergovernmental Panel on Forests established by the United Nations Commission on Sustainable Development

Greek President's 'Language of Coercion' Deplored

AU0711110195 Tirana REPUBLIKA in Albanian
5 Nov 95 p 5

[Unattributed editorial: "Where Does the Greek President Find the Courage To Speak for the Albanian Church?"]

[FBIS Translated Text] Greek President Kostas Stefanopoulos, who is expected to visit Albania, as he promised to Berisha at their meeting in New York, has addressed us once again in language of coercion. "I will not come to Albania until the rights of the minority and the problems of the Orthodox Church are settled," he said a few days ago.

We fail to understand where Mr. Stefanopoulos finds the courage to use such language, creating the impression for Albania that Greece is like the dragon in the fairy tale that turns the rain on and off as it feels so inclined. As for the rights of the minority, Mr. Stefanopoulos should know that there are various international standards that must be met identically by every country. There are even experts to examine whether they are being enforced. There is, therefore, no reason for Mr. Stefanopoulos to tire himself by assuming tasks and functions that do not belong to him.

As for the problem of the Albanian Orthodox Church, this church has its own statute and there is no reason for other people to interfere in its business, especially from abroad. It seems that Mr. Stefanopoulos thinks that, because the Greek Janullatos is head of the Albanian Church, this church is therefore dependent on that of Greece, and, as the president of a state that is dependent on the church, he sees himself as the church's pawn.

However, it must not be forgotten that the apathy of our state in such cases, for the sake of relations with Greece, has emboldened Stefanopoulos and other Greek politicians to behave undiplomatically in their statements directed to Albania.

PD Deputies Propose Changes to Genocide Law

AU0711110295 Tirana GAZETA SHQIPTARE
in Albanian 5 Nov 95 p 3

[Report by Arian Cani: "Democratic Party Deputies: The Antigenocide Law Should Not Affect All Politicians"]

[FBIS Translated Text] Tirana—Should the Genocide Law "hit" certain of today's politicians? "The government should draw up additional legislation as soon as possible." These are the points to be discussed during the first part of next week at an expanded meeting of the Democratic Party's [PD] parliamentary group. Internal

sources within the PD group also confirm that all ministers will take part in the meeting and that demands have been raised for the government to prepare additional legislation as soon as possible so that the law can be enforced.

"The possibility must be considered of not excluding from politics those with academic degrees and who were not connected with crimes, and who, irrespective of their political convictions, worked for the progress of democracy." This will be the gist of the proposal of some PD deputies at the forthcoming meeting. Sources state that President Berisha's attendance at the expanded meeting of the parliamentary group and the government has still not been confirmed.

The most recent denunciations of former senior state officials and demands from the grass roots for the law to be enforced are the reason for the meeting that will be held at PD headquarters. "Additional legislation will pave the way for the responsible authorities to enforce the law more fairly," one PD deputy said. However, the controversy that arose immediately after the law was passed seems to relate principally to Article 3, which excludes from politics former ministers and those who held senior state offices before 31 March 1991. Nano, Ruci, Cuci, Cani, Gjinushi, Angjeli, Agolli, Brokaj, Bufi, and some others held responsible governmental posts during the period in question. Must all these people be excluded from politics? So far, under Article 3, they no longer have the right to be elected. At the forthcoming meeting of the PD parliamentary group, some deputies of the ruling party will request from the government additional legislation that will clarify Article 3 of the Genocide Law. Which of the aforementioned names possess academic degrees and have no connections with crimes? If the meeting of the PD deputies agrees to these two criteria, many of these names may remain in Albanian parliamentary life. Will the greater part of the opposition including Cuci, Cani, Bufi, Angjeli, and Gjinushi regain the right to be nominated after this meeting? Sources confirm that the expanded meeting of the PD parliamentary group will nevertheless call for the law to be enforced in order to purge Albanian politics thoroughly and meticulously.

More Families Bring Charges Against Alia, Isai

AU0711220095 Tirana GAZETA SHQIPTARE
in Albanian 7 Nov 95 p 5

[Report by Pe. Re.: "Alia and Isai: Second Accusation—'You Killed Our Sons'"]

[FBIS Translated Text] Tirana—The wave of denunciations over murders at the border has struck Ramiz Alia and Hekuran Isai for the second time. This time, it is 16

families from Shkoder and Malesia e Madhe who have lodged with the Procurator General accusations against the former president and the former interior minister. They hold them responsible for the murder of their sons on the Albanian border in 1990-91, after the law considering escape to be "high treason toward the homeland" had been repealed.

"The members of our families were killed in violation of the law," the denunciation recently lodged with the procurator states. The 16 families of Tonin Paloka, Zef Pellumbi, Zef Halili, and many others are asking compensation from former President Alia and Hekuran Isai. Referring to the change to the law that punished illegal border crossings by six months' imprisonment or a fine, they are accusing the former state leaders of murder. The names of the young people are attached to the denunciation—Pellumb Pellumbi, Shkelzen Mesi, Fran Paloka, Anton Halili, Vat Beqi, Elez Kruja, Ndue Markaj, Olsen Lorja, and their contemporaries who lost their lives while attempting to set off in pursuit of a better life abroad.

This is the second denunciation of Alia and Isai over the same issue. Only a few days ago, 14 other families from Delvine, Permet, and Kolonje turned to the procurator, accusing the two people who were in office during the dictatorship's death throes in 1990-91 of the murder of their sons. If so far only the families have lodged denunciations, the Parliamentary Commission for Public Order and the National Intelligence Service has also committed itself to punishing the many crimes committed on the border. Last week, this commission decided to place charges over all the murders committed on the Albanian border during these two years. The reason uniting all those who are pressing charges is the law of the time. Although the families have accused only Alia and Isai, the Parliamentary Commission has gone further to include the then commandants of the border posts who allowed these Albanian young people to be shot as they sought to escape toward their dream of the West.

There is a danger that the denunciations of the families and the charges of the Parliamentary Commission that frequently cite Alia and Isai will bring the former senior figures of the dictatorship before Albanian justice again, although they have only just been released from their prison cells. It only remains for the procurator to decide whether this wave of denunciations includes elements that could lead to new charges being formulated against Alia and Isai. If the charges of the Parliamentary Commission are included, the list will be even longer.

AD Criticizes Economic, Human Rights Policies

AU0711112195 Tirana KOHA JONE in Albanian
1 Nov 95 p 3

[Report by Xh. Shyti: "Internal Debt—\$500 Million"]

[FBIS Translated Text] The second meeting of Democratic Alliance [AD] leaders Ceka and Peshkepja took place in Berat the day after Berisha's visit there. In the presence of more than 400 people, in the 13 Shtatori cinema, the AD speakers cited facts and figures to criticize the government's economic policy. This, the domestic situation, and the approach of the year 2000 were the topics of the meeting, which lasted for about two hours. According to Ceka, the PD [Democratic Party] government did not justify the "risks" presented by the capitalist economic system. Without denying some of the achievements gained by the free initiative of individuals, he dwelt on the banking system, which is still a "monopoly protected by the state" and directly influences the present economic and financial chaos and corruption. The AD advocates the opening of private banks and a credit system as a way to correct the deliberate "mistakes" of present government officials. Ceka reminded the audience that this was the policy followed by Germany after World War II. For him, "the state banks are bankrupt because of the internal and external debts and Dylberi [deputy prime minister] knows this very well, but he prefers his 'ostrich' policy because he is not interested in registering 'dirty money.'" After stressing that "this system is terribly corrupt," the AD president cited some shocking figures: "Over 30 percent of the loans granted according to party criteria have not yet been returned. The Agricultural Banks have allocated \$20 million in loans, not for agriculture but for commerce, and 20 percent of this has been embezzled by bankers nominated by the PD. Only 42 percent of the loans have been repaid." Ceka then exploded: "Our domestic debt is \$500 million and to pay it off we must spend one whole year without washing, without eating, and without electricity. This sum represents the best annual budget that we have had, so to pay back all the debts created by this government, two generations will have to work relentlessly." Ceka continued, "To disguise this situation, government officials will try their best to hang onto power. Not tanks, nor the army, nor the police, nor the Sigurimi could prolong the life of the Workers Party. Even today, all these are worthless if the citizens choose to get rid of a power." This was Ceka's reply to the question about the slogan "We Will Protect Our Power With Blood." R. Peshkepja said, "Those who make such threats are cowards and they have no blood to protect the power." Apart from this, the meeting was optimistic despite Ceka's statement that, "As the year 2000 approaches, we still remain in 1991, but

today we have fewer rights than in 1991. This is because the government, with the policy that it is following, is proposing conflict and not social peace." Pointing out that the AD promises not only the opposite but also justice, R. Peshkepia spoke about pre- and postelection "marriages." "To enter into these coalitions, we do not proceed from the past biographies of the parties," he said.

Survey: Social Democrats Second in Countryside

AU0711111895 Tirana KOHA JONE in Albanian
1 Nov 95 p 3

[Report by A. Vata: "The Social Democrats—Second in the Countryside"]

[FBIS Translated Text] "In Tirana, none of the political forces will have a majority of the votes, while the Social Democratic Party [PSD] will be second in the villages of the capital." These were the results reported at the Tirana PSD meeting, after several surveys by party activists in all the villages of the district. The social democratic leaders refused to make the figures public, but they said that none of the parties will have the majority. Nevertheless, as party sources reveal, the Socialist Party [PS] comes first in the survey. "According to our surveys, in Tirana, as in all other districts, many people are estranged from the PS and the Democratic Party [PD] and they are moving toward the center," said the Tirana PSD chairman Daut Nanaj, adding, "This is why none of these parties will get a majority of votes in the coming elections." While the PSD survey has not

given the absolute victory to any of the political parties, it reserves second place to the Social Democrats in the villages. "The present figures prove that the most powerful and most organized structures of the PSD are concentrated in the villages, and it ensues that the PSD will come second in the elections." According to the survey, this result relies on the fact that the "PSD is capable of giving convincing alternatives that will save the countryside from the present situation." The PSD survey in Tirana and the results in favor of this party mark the beginning of this party's offensive toward the Albanian capital. Not long ago other parties such as the PS, the PD, and the Democratic Alliance also announced their victory in Tirana. As it appears, the declarations of these political forces that "Tirana is on our side" aims at drawing about 20 percent of all the Albanian electorate centered in Tirana. The PSD leaders considered this survey essential in the conditions of a hidden electoral campaign that the PD started dishonestly two years ago. The PSD leaders mentioned Libofsha, violated ballots, incidents with the opposition parties, the antigenocide law, etc. To cope with all these, the PSD leaders say that "in these circumstances the only way to avoid the manipulation of elections is to fiercely guard the ballot boxes." This is the first survey that puts the PSD in a respectable position. Beside the survey in Kruje, where PSD won about 7 percent, neither the Eurobarometer nor other surveys conducted by local or foreign parties or associations have given more than third or fourth place to the PSD, which does not reach the necessary threshold for entering parliament.

Zhelev Receives EU, Spanish Ambassadors

AU0711173795 Sofia Khorizont Radio Network
in Bulgarian 1400 GMT 7 Nov 95

[Report by Silviya Velikova]

[FBIS Translated Text] Today President Zhelyu Zhelev received EU Ambassador Thomas O'Sullivan, through whom he conveyed his thanks to Hans van den Broek for the latter's support for the initiative to build an east-west communications corridor in the Balkans. Asked by a journalist to comment on the reserved position adopted by Greece regarding this corridor, Ambassador O'Sullivan said that there were many different projects for a transport corridor in the Balkans and one should seek ways to combine them.

Ambassador O'Sullivan also informed President Zhelev about the preparations for the first session of the Committee on Bulgaria's Association With the EU and about the meetings to take place during this session, which will be held on 9 and 10 November in Sofia.

President Zhelyu Zhelev also met Jorge Fuentes, ambassador of the Kingdom of Spain. The Spanish ambassador handed him an official invitation for Bulgaria to take part in the meeting of the EU members with the EU-associated countries, which will be held in Madrid on 16 December. Ambassador Fuentes also informed the Bulgarian head of state of the decision to invite Bulgaria to attend the EU Mediterranean conference in Barcelona on 17 November. It will be decided later who will represent Bulgaria at these two meetings, the president's foreign

Briefs Diplomats on Expectations

AU0811143295 Sofia Khorizont Radio Network
in Bulgarian 1000 GMT 8 Nov 95

[FBIS Translated Text] This morning President Zhelyu Zhelev gave a working breakfast in the Boyana Residence to the ambassadors of the EU member countries and the countries associated with the EU who are accredited to our country. Addressing the 20 diplomats, the Bulgarian head of state specified what Bulgaria expects from the imminent EU intergovernmental conference: greater efficiency and transparency of the financial mechanisms for cooperation; careful thought to the aims of foreign investment in Bulgaria; transformation of the Balkans into a real objective of world foreign policy; giving the countries of southeastern Europe the opportunity to build a stable future; and Bulgaria's participation in the mini-Marshall plan as partial compensation

for the losses that it has suffered from strictly observing the Yugoslav embargo.

President Zhelev told the 20 diplomats that 70 percent of Bulgarians have no doubt of their affiliation with Europe and of the need for Bulgaria to join EU institutions, and then added:

[Begin recording] I know that you are closely following the processes in our country and are well aware of our hopes, difficulties, and hesitations. It is true that the government is based on a stable parliamentary majority that guarantees real possibilities for making difficult decisions but, alongside this, the excessively centralized bureaucratic methods of government and serious internal party tensions often block the very processes of making such decisions.

I would also point out that a very liberal juridical basis exists to encourage the processes of foreign investment, but the structures for applying this legislation are rather unstable. In addition, the legislators are not always firm or consistent in their intentions and the regulations are not always clear. It is well known that capital prefers clarity and security before it decides to invest. Serious delays are also noted in some of the basic conditions and prerequisites for democratizing and liberalizing our economy. I am thinking of the delays in privatization and the restitution of property, both private property in the towns and farmland. [end recording] policy adviser Kamen Velichkov told journalists.

Videnov Chairs European Integration Meeting

AU0711144795 Sofia Khorizont Radio Network
in Bulgarian 1400 GMT 7 Nov 95

[Report from Council of Ministers Press Center]

[FBIS Translated Text] Today the Government Committee on European Integration held a regular meeting chaired by Prime Minister Zhan Videnov. The main topic for discussion was Bulgaria's participation in the structured dialogue and other activities connected with the European integration process. The committee examined proposals for positions to be taken by Bulgaria at the first session of the Committee on Bulgaria's Association With the EU, which will take place in Sofia.

At the meeting, the committee also discussed Bulgaria's position regarding regional infrastructure problems. This position will be based on a balanced development of the transport corridors through our territory in terms of their European and trans-European dimensions.

**Commentary Views Havel's Foreign Policy
Comments**

AU0711153095 Prague MLADA FRONTA DNES
in Czech 27 Oct 95 p 12

[Commentary by Martin Weiss: "Havel's Provoking Diplomacy"]

[FBIS Translated Text] President Havel met with Prime Minister Klaus to "harmonize their points of view" before his departure for New York, but it is as if the meeting did not take place. Havel's statement about Taiwan and his invitation to the Palestinian leader 'Arafat have provoked a testy correction from the executive power.

These stereotypical rhetorical exchanges of fire have a customary explanation. In them, Havel appears as the lone voice of conscience upholding the principles that professional politics pragmatically overlooks in the name of stability and power.

This is, of course, a black-and-white format into which reality can fit more successfully here, less successfully there. It is not always possible to dismiss the concerns that force politicians to keep quiet or to lie. Havel is in danger of finding good and evil too easily in unclear situations and of being unable to accompany his words by deeds. For instance, given that the invitations to the persecuted writer Rushdie and Bosnian President Izetbegovic had an undoubted moral appeal, the support for Taiwan's membership in the United Nations is like whipping the waves.

Of course, diplomats know that Taiwan is virtually an independent state today. However, legally and politically, the situation is as complicated as the relationship between the former GDR and the FRG. Promoting Taiwan's admission into the United Nations will only be appropriate when the island declares its independence—which it has not done to date—and not only because of the Chinese threats. At the moment, the government is behaving quite sensibly as it combines diplomatic ties to China and unofficial contacts with Taiwan.

The invitation to Yasir 'Arafat is a more interesting case. Yesterday's terrorist is today's Nobel Peace Prize winner. Inasmuch as the Israeli prime minister has shaken hands with him, why should we not also talk with him? 'Arafat, who gained legitimacy among his people by immoral means, has now used this to lead his people to a moral objective—peace. Havel's invitation is not a calling card for pragmatism but is, rather, confirmation of the fact that, although there is only one morality, it takes on many complicated forms in politics.

Klaus on Number of Ministries, Budget Surplus

LD0711195995 Prague Radiozurnal Radio Network
in Czech 1721 GMT 7 Nov 95

[Interview with Czech Prime Minister Vaclav Klaus by Jaroslav Skalicky; place and date not given—recorded]

[FBIS Translated Excerpt] [Skalicky] Prime Minister, according to the media and what you yourself have said, the atmosphere at Yitzhaq Rabin's funeral was very touching and emotional. I would like to ask you: What was the Czech prime minister thinking of during this sad and yet extraordinary event?

[Klaus] Irrespective of the fact that this part of the world is several thousand miles away, the Czech prime minister realized how enormously difficult the problem of the Middle East is. He was aware of how terribly volatile this area is and how difficult life in this region can be. [passage omitted]

[Skalicky] Prime Minister, at a public meeting you noted that the Culture Ministry could be abolished as early as after the next elections [in 1996]. What prompted you to say this? Was it the current performance of this ministry, or were there other, more general reasons?

[Klaus] [Passage omitted] Our main objective is to have a good culture. In this respect, the ministry itself is of secondary importance, and I even think that the few tasks carried out by this ministry could be easily attached to some other government ministries we now have. [passage omitted]

I am convinced that after the elections we could reduce the number of ministries as a part of overall savings in state administration. I think it is fair to consider the Culture Ministry to be one of the candidates. [passage omitted]

Clearly we have too many economic ministries. Our privatization process is approaching its conclusion. We have the Economy Ministry, the Industry and Trade Ministry, and the Ministry for Economic Competition.

My view is that, in the worst scenario, three ministries of these four would be preserved, while in the better scenario only two of them would be preserved.

[Skalicky] According to a Finance Ministry report released yesterday, the State Treasury shows a surplus of more than 12 billion korunas. If this trend continues until the end of the year, how could and how should this surplus be used?

[Klaus] This surplus was reduced by 3.5 billion last month, and we therefore expect that the higher expenditure before the end of the year—and this is always

the case, every year, under all regimes and in all countries of the world—will considerably reduce the surplus. That is the first thing.

The second thing is that (?in this respect) the budget surplus is not a large sum, and I think that it is, indeed, unnecessary to harbor any grand ideas as to what should be done with it. [passage omitted]

I think that nothing (?should be done) with the surplus. Our economy is not suffering from lack of demand. We have no need to artificially get the economy going and make it turn faster.

Our economic growth is fast. I think it would be a little dangerous if it were faster.

We inherited a state debt from the communist era, and I am not sure whether we should not use the surplus to repay a considerable part of it. [passage omitted]

Klaus Asks Holan for Report on Ministry's Economy

AU0711173695 Prague MLADA FRONTA DNES
in Czech 1 Nov 95 p 1

[Article by "(gag)": "Klaus Is Interested in the Army's Economic Performance"]

[FBIS Translated Text] Prague—The escalating differences between the economy's potential and how much money the Army wants from it have forced Prime Minister Vaclav Klaus to ask Defense Minister Vilem Holan for a report on economic management in the department.

A senior official from the Defense Ministry has confirmed that, in his planned reply, Holan would like to recommend to the prime minister how to reduce the

growing difference. The source did not rule out the possibility that the people who refuse to accept the rapid consolidation of the Army's economy will have to go.

The lack of resources for training has affected all types of troops; however, it has affected the Air Force most dramatically. Its training costs astronomical sums, but, of course, it is of the greatest importance from the point of view of the country's defense. Despite this, the Army command decided this week to further reduce the cost of pilot training and combat aircraft repairs. The savings program is to apply until the end of the year.

These measures have definitively dispelled the pilots' illusions that the funds obtained by making drastic cuts, in which dozens of aircraft were scrapped and hundreds of pilots grounded, will be put back into developing the dwindling Air Force.

Colonel Vladimir Griga, the deputy commander of the Tactical Air Corps, has confirmed that the pilots' advance training has been frozen. "Until 1 January, they will merely keep it up so that they do not fade away as pilots," explained Griga. According to him, the technical state of the aircraft, which have almost exhausted the number of flying hours until an aircraft has to go to the repair shop, is especially critical. The colonel claims that, because of lack of funds, the aircraft have not been maintained continually for many months, so nothing would change even if the pilots had enough money now. That is, the repair plants cannot accept dozens of aircraft from one day to the next and overhaul them in a short time. Griga also has considerable reservations about the chaotic distribution of funds, which, according to him, is taking its toll on the Air Force.

Gasparovic Rejects EU Criticism of Leadership

AU0711165295 Bratislava PRAVDA in Slovak
4 Nov 95 p 13

[Article by "TASR, od": "End to Conflict Not in Sight"]

[FBIS Translated Text] Bonn—An end to the conflict between Slovak Prime Minister Vladimir Meciar and President Michal Kovac is not in sight, according to Slovak Parliament Chairman Ivan Gasparovic. The point at issue now is whether Kovac will hold out until the end of his presidential term in 1998, Ivan Gasparovic declared in Bonn yesterday. According to the DPA agency, the Slovak parliamentary chairman at the same time rejected EU criticism of the present political leadership in Bratislava. According to Gasparovic, the EU is only arguing from the opposition's point of view. The Slovak side does not consider problems the EU considers to be of foremost importance to be nearly as important. The EU has repeatedly admonished the Slovak political leadership to comply with the principles of democracy. However, the EU's representatives have no, or virtually no, contact with Prime Minister Meciar, Ivan Gasparovic stressed. The Slovak parliamentary chairman arrived in Bonn for a one-day visit and met with Bundestag Chairwoman Rita Suessmuth and other representatives of the German parliament. According to Gasparovic's spokesman Lubos Jurik on the Slovak Television evening news, the talks primarily concerned the domestic political situation in Slovakia and were "extraordinarily frank." Ivan Gasparovic called the Slovak Republic's current problems "temporary" and said that they must be settled by constitutional means.

Moravcik: Meciar Should Depart in Wake of Demarches

AU0811123795 Bratislava PRAVDA in Slovak
3 Nov 95 pp 1, 4

[Interview with Democratic Union Chairman Jozef Moravcik by Nora Sliskova; place and date not given: "The Alternative Is the Departure of the Person Responsible for the Current Style of Politics"]

[FBIS Translated Text] [Sliskova] Within less than a year, Slovakia has received a second demarche from the EU. Shortly thereafter, the United States expressed an identical position. How do you assess these facts from the viewpoint of our country's proclaimed endeavor to become integrated into Western structures?

[Moravcik] This is a very negative signal from abroad. I firmly hope that what the government expressed in its Policy Statement is still valid—that is, that Slovakia is sincerely interested in European integration and that it wants to participate in the development of Europe as

a full-fledged member. The demarches are a warning. This is confirmed also by my information from meetings with representatives of EU and NATO countries that, if developments continue to move in this direction, our country's integration into these structures will become scarcely conceivable. This is a clear signal for everyone who is interested in integration to do something. It is, above all, a signal for the Movement for a Democratic Slovakia (HZDS) and the other coalition parties to change their policy, which cannot be accepted any longer. This should be realized, in particular, by HZDS deputies. They should offer to their voters a different alternative because the one offered by Vladimir Meciar is at variance with the interests of Slovakia.

[Sliskova] What alternative do you have in mind?

[Moravcik] The same as exists in the other Central European countries. None of these states has Slovakia's problems. I am deeply convinced that whatever is possible in the neighboring countries, in the Czech Republic, Poland, and Hungary, is possible in Slovakia too. In other words, the alternative is the departure, and replacement, of the person responsible for the current style of politics. Everyone in the HZDS should realize—I am talking about the HZDS because I do not suppose that politicians from the Slovak National Party and the Association of Workers of Slovakia are capable of such reflection—that their leading representative's policy is directed also against them and the whole of Slovakia. This is their immense responsibility before history.

[Sliskova] Do you consider a change in the political style of the present coalition conceivable?

[Moravcik] Yes, because only a few people are responsible for the confrontational style of politics, and every man in the world is replaceable. It is therefore within the powers of this coalition to see to the implementation of its own program. If they voted for the government program, they should also seek its implementation. It is, however, possible—albeit, I do not want to believe it—that someone is deliberately trying to prevent our integration into the EU. So far, the current government has been doing everything it can to prevent the program of integration, which the coalition itself endorsed, from being implemented.

[Sliskova] What kind of development could set in if the government fails to heed the EU and U.S. warnings and does not reassess the way it has been exercising power?

[Moravcik] The consequences would affect every citizen, including those who support the HZDS. Such a policy would also jeopardize our economic interests because the final consequence would be the severance of our integration ties to the EU. Relations with the United

States would also be disrupted to a considerable extent. The severance of integration ties to the EU would mean the elimination of the association agreement we signed. This would have a great impact on the economy as well. Politically, it would mean our joining the ranks of countries that do not have a clearly defined relationship with the EU and that establish some kind of structures of their own. This is true, for example, of Russia and the other republics of the former Soviet Union.

[Sliskova] The government coalition is convinced, however, that the demarches are a product of the activities of the opposition and the president. Could you react to this?

[Moravcik] This is ridiculous because the president and the opposition are not responsible for the government's blunders. In view of the balance of forces in parliament, the opposition has only been criticizing the trampling of democracy underfoot. The opposition has been acting and will continue to act in the spirit of the words of one important Western statesman that "democracy and freedom must be fought for every day."

[Sliskova] Let us now turn to another topic. The report on the number of DU petition sheets [on the basis of which the DU ran in the 1994 parliamentary elections] is to be submitted to the next session of parliament, the beginning of which is drawing near. The coalition makes no secret of its effort to exclude your deputies from parliament. How will you respond?

[Moravcik] As for the practical aspect, the argument they wanted to use against DU has, paradoxically, backfired against the HZDS and Macuska's commission [set up to investigate the legitimacy of DU's participation in 1994 elections]. I am thinking of the large-scale verification of DU sheets by the police. The counting revealed that 11,313 citizens owned up to their signatures, for which they deserve great gratitude. We avail ourselves of very serious signals that the HZDS asked legal experts of the National Council of the Slovak Republic to prepare legal foundations for our exclusion from parliament, which would, after this step, have only 135 members. In that case, we would appeal to the Constitutional Court. We are afraid, however, that, after our exclusion, the coalition would shorten the term of office of this institution, as well as of the president. In that moment, a serious domestic political crisis would erupt in Slovakia, in which we would have to look for some extraordinary means. I am convinced that every decent person would have to stand up against such practices.

Meciar Dismisses Claims of 'Isolation'

AU0711131395 Bratislava NARODNA OBRODA
in Slovak 3 Nov 95 pp 1-2

[Article by Blazej Panik: "Vladimir Meciar Described as Nonsense the Claim That He Is Not Accepted in the West"]

[FBIS Translated Text] Askhabad—Prime Minister Meciar, who has just held a third round of talks with Russian Prime Minister Viktor Chernomyrdin within less than nine months, does not think his contacts with partners in the West are being blocked by them. He was replying to a question from the NARODNA OBRODA correspondent yesterday, at the end of his visit to Turkmenistan. "I have had two meetings with two French presidents this year.... I met the French prime minister and minister of foreign affairs, the prime ministers of Portugal and Spain, the president and members of the Government of Italy, and the prime minister of Belgium, and, while in Brussels, I also met with NATO and EU leaders. Is this a little within just a few months?" Vladimir Meciar asked, adding that in January he would be making a working visit to Japan, where he would be received by Emperor Akihito. According to the prime minister's words, the opposition is trying to create "an impression that we are not accepted, that we are in isolation, which is nonsense." While still in Moscow, the prime minister also mentioned the recent EU and U.S. demarches, noting that "the path of demarches is not the path of political communication."

Regarding the ratification of the Slovak-Hungarian treaty in the National Council of the Slovak Republic and the well-known unwillingness of the Slovak National Party [SNS], his coalition partner, to support the treaty's ratification, the prime minister said that personally he would not be so sure of asserting that SNS deputies will not confirm the treaty. "Some of them will not, some of them will," he said. [passage omitted]

Commentary on Government's Relations With Russia

AU0711174095 Bratislava PRAVDA in Slovak
4 Nov 95 p 4

[Commentary by Ivan Drabik: "Courageously Toward the East"]

[FBIS Translated Text] The openly expressed concern of the West over internal political developments in Slovakia and Prime Minister Meciar's trip to the East almost coincided. However, looking for any causal connection between the two events would mean ignoring the fact that similar official visits are prepared long in

advance. On the other hand, there is no need to suspect that the EU and the United States, by the timing of their demarches, have given the politician who once declared that "if we do not succeed in the West, we are going to turn to the East" a signal meaning "you can go."

The whole issue is more complicated. There is no need to question the sincerity of the Slovak Government's wish that primarily economic aspects be seen in the prime minister's mission to Russia and Turkmenistan. Deputy Prime Minister Kozlik noted with pride that the protocol from the fourth meeting of the intergovernmental commission is "the best" so far and that all unprofessional terms like "friendship" have been successfully wiped out. It seems that the proclaimed depoliticizing of the economy has boosted the courage of members of Meciar's Cabinet in their negotiations with Russia. Even though Sergej Kozlik resolutely denied last week's report about his alleged proposal to Russian Deputy Prime Minister Soskovets that the two countries form a customs union, it clearly transpired from Kozlik's words that, regarding the elimination of trade barriers, the initiative clearly came from the Slovak delegation. "We are not afraid of easing trade relations. The Russian Federation is afraid because its protectionist measures are much bigger," he said about Moscow's lack of preparedness for a free trade zone agreement.

The Slovak Government delegation demonstrated the perhaps greatest courage by concluding with Russia an agreement on cooperation in completing the first two units of the Mochovce nuclear power plant. [Slovak Economy Minister] Jan Ducky's *muzhestvo* [courage; Russian term used] was even praised by Viktor Mikhaylov, the Russian minister of atomic energy, who signed the document along with the Slovak minister of economy. Given Mikhaylov's interpretation of this agreement as a triumph for the "Slavic variant" and as Russia's success in the "hot war" for high technology markets, the Slovak side's decision really was a manifestation of extraordinary courage. Its degree becomes even greater when one realizes that, according to Viktor Mikhaylov's ideas, the nuclear fuel used in Slovakia should, after its processing and temporary storage in Russia, be returned to Slovakia, where the Russian minister of atomic energy would like to build storage facilities.

Courage was demonstrated also by Prime Minister Meciar on an issue about which current Moscow diplomacy is particularly sensitive. Whereas eight months ago, at a joint news conference in Bratislava with Viktor Chernomyrdin, Meciar managed by means of ingenious diplomatic formulations not to mention the North Atlantic Alliance by its name or abbreviation even once, in Moscow he not only mentioned NATO, but even

stressed that "the enlargement of NATO is in the government policy statement, and (for the time being) the government is not changing this policy statement." Trying to show that the relativizing words in parentheses slipped out of his mouth unintentionally, he then repeated the whole sentence without them. Although Chernomyrdin reiterated his country's sharp reservations about NATO's enlargement, no sparks were flying between the prime ministers on this issue. They agreed that, although Moscow is opposed, it will not forbid Bratislava anything. In the present phase of the Russian diplomatic offensive against the enlargement of NATO, it is possible to agree with the two prime ministers. As long as it has not exhausted all of its chances of averting the enlargement of NATO by means of direct influence on the great Western powers, (for the time being) Moscow need not put pressure on the small Central European states.

According to Vladimir Meciar, with his present trip to Russia our mutual relations (supported by 68 agreements concluded within the last three years) have advanced from the phase of preparations of contractual foundations to the implementation phase. We have preserved the chance that the southern branch of the Yamal gas pipeline will pass through our territory, and an agreement on the supply of Russian natural gas is almost ready to be signed. All of these are fruits of courage. However, only time will show whether this courage to develop economic relations with the East will not prove to be inordinate, in view of our proclaimed orientation toward euro-atlantic integrative structures. Economic cooperation with Russia alone need not put us in the position of an economic hostage. This threat would appear in the case of an imbalance in relations. It would be a tragedy for Slovakia if, instead of being a bridge between the East and the West, it became only an approach road from the side from which no demands are made regarding the standard of our democracy and from which no demarches are sent.

SNS Proposes Prison for False Reports on Nation

AU0711133695 Bratislava PRAVDA in Slovak
4 Nov 95 p 3

[Report by CTK: "Prison for 'Untrue' Reports About the Slovak Republic?"]

[FBIS Translated Text] Bratislava—According to the draft amendment to the Penal Code submitted by the Slovak National Party to parliament, those who disseminate untrue reports about Slovakia on its territory or abroad or make possible the dissemination of such reports should be sentenced to one to five years of deprivation of freedom. According to the amendment,

the same punishment should be meted out to everyone who participates in activities directed against Slovakia or its agencies that might lead to the disruption of the constitutional system, the country's territorial integrity or defense capability, or to the destruction of its independence. A prison term of between eight and 12 years should, according to the amendment, be in store for everyone participating with the same aim in violent activities and a prison term of 12 to 15 years, or capital punishment, for those participating in antistate activities as members of an organized group, for conduct causing severe bodily harm, death, or damage of great extent, or for those who commit a criminal offense during Slovakia's state of combat readiness.

Hudek, DU Clash Over Petition Sheet Controversy

AU0711131195 Bratislava NARODNA OBRODA
in Slovak 3 Nov 95 p 2

[Report by Zita Sujova: "Milan Knazko: Interior Minister Received Us To Misinform Us"]

[FBIS Translated Text] Bratislava—Yesterday, 16 days after receiving their request for a meeting, Interior Minister Ludovit Hudek received deputies of the Democratic Union [DU] and presented them with his written reply to their request for the provision of data on the number of verified persons during the police inquiry into the authenticity of signatures on DU petition sheets and the number of those who confirmed their signatures. DU Deputy Chairman Milan Knazko, who participated in the reception by the minister, qualified the report as "manipulated and deformed" because it specifies how many people did not confirm their signatures but does not contain the figures the DU deputies requested. According to Knazko, those figures feature in the final report on the police verification of signatures, whose existence was recently confirmed to DU representatives, supposedly before witnesses, even by Jozef Holdos, president of the Slovak Republic Police Corps. According to Knazko, the police report explicitly states that 11,313 citizens confirmed their signatures.

In his reply, the minister of interior circumvented this figure and claims that the DU deputies' demands, as formulated, are "legally irrelevant" because "the aim of verification could not be to ascertain the number of valid signatures on petition sheets, but the number of forged signatures of voters...." Knazko pointed out the discrepancy between the minister's assertion and the Police Corps President's order No. 38/1995 and the police report that "during their visits to the citizens, the police were to ascertain whether the citizen signed the petition. If the citizen confirmed that he had signed the petition, the matter was settled for him and the policeman recorded his explanation in an official report." The par-

tial data on the number of confirmed signatures were subsequently incorporated into the final report of the Slovak Republic Police Corps. According to Knazko, the reason the interior minister and the police president are keeping this final report secret is that "it would prove Vladimir Meciar, who said in October 1994 that DU does not have 10,000 valid signatures, guilty of a lie." Knazko described as weird Hudek's comment that this was his last statement on the issue because he would not allow policemen to be drawn into political manipulation. According to Knazko, the minister's reply again confirms that "he is just a sad puppet in the hands of the present dictator." DU considers the minister's reply unacceptable and is contemplating another deputies' inquiry at the Slovak Government Office. At the same time, it will inform the leading officials of the National Council of the Slovak Republic [NRSR] about the ministers' lack of respect for NRSR bodies. According to the DU Political Committee, which met yesterday to discuss current issues, the activity of the Ministry of Interior has become uncontrollable for NRSR deputies. The DU Political Committee therefore recommended to the DU Club of Deputies that steps be initiated to dismiss Hudek.

Hungarians Present Language Bill Objections to CE

AU0711133995 Bratislava SME in Slovak 3 Nov 95
p 2

[Article by "rej": "Hungarian Coalition in the Council of Europe"]

[FBIS Translated Text] Bratislava—Council of Europe [CE] Secretary General Daniel Tarschys received a delegation of the Hungarian Coalition (MK) in Strasbourg yesterday. The MK representatives presented to him a translation of the government-approved bill on the state language and their objections to this bill. According to a letter signed by Bela Bugar, Miklos Duray, and Laszlo Nagy, chairmen of the MK parties, and other MK deputies, the bill violates in several points the Constitution of the Slovak Republic, the Council of Europe Framework Agreement on the Protection of Ethnic Minorities, the Basic Treaty between Slovakia and Hungary, and a number of other international documents. According to MK deputies, the bill interferes in citizens' private lives and imposes on them duties that go beyond the constitutional framework, negatively infringes upon the activity of self-administration bodies, questions of education, and the publication of textbooks, and enables abuse for imposing huge fines on public institutions and publications. The MK representatives asked the CE to make sure that the bill on the state language is not discussed at the November meeting of the National Council of the Slovak Republic. They de-

mand, furthermore, that the CE initiate a meeting of experts of the Slovak Government, the MK and, if need be, other ethnic minorities, and the CE on the bill. According to the MK's third demand, the CE should do its utmost to ensure that the law on the state language goes into force only after the passage of a law on the protection of minority languages. The MK delegation was made up of two Hungarian Christian Democratic Movement [MKDH], two Hungarian Civic Party [MOS], and 10 Coexistence representatives. MOS Deputy Chairman Lazslo Gyurovsky yesterday expressed surprise at the composition of the delegation because, according to the original agreement, each party was to send two representatives to the meeting.

[Bratislava PRAVDA in Slovak on 4 November on pages 1 and 2 carries a 400-word report by Nora Sliskova on a news conference given by MK representatives in Bratislava on 3 November, after their return from Strasbourg, at which they reiterated their view that the bill is "anticonstitutional and directed against minorities." According to the report, "Coexistence Chairman Miklos Duray confirmed that, if the bill is passed in its present form, Coexistence deputies are determined not to support the ratification of the Basic Treaty Between the Slovak Republic and the Hungarian Republic, despite their agreement with the text of the treaty." MKDH Deputy Pal Csaky is quoted as having said "I do not rule out that the language law will end up at the European Court for Human Rights in Strasbourg."]

FNM Approves Sk45 Billion in Sales Since Feb
AU0711180995 Bratislava HOSPODARSKE NOVINY
in Slovak 24 Oct 95 p 4

[Interview with Stefan Gavornik, president of the National Property Fund Presidium, by Emilia Herzogova; place and date not given: "Topical Dimensions of Privatization"]

[FBIS Translated Excerpt] [Passage omitted] [Herzogova] The National Property Fund [FNM] is more and more frequently being reproached for selling state property too cheaply. Many prices really are unquestionably low. Why?

[Gavornik] We could sell property for more—but abroad. We would thereby make possible the sellout of Slovakia, which we definitely do not want. By charging high prices, we not only would foil the effort to establish a strong domestic entrepreneurial layer, which is our intention, but also the possibilities of revitalizing the economy as a whole would be diminished.

[Herzogova] But, in this way, you are playing into the hands of the "chosen few."

[Gavornik] Your verbal jab would be, and is, applicable to every solution. When 87 entities bid for Santovka [mineral water springs] and one of them gets it, the other 86 are not "the chosen ones." For example, a French firm offered a higher price for the Ladce cement plant [than the Slovak bidder] but it is possible that it would close the factory after two years. That is why I often say that it is not important to whom we sell a factory or for how much, but how this factory will operate in the future from the viewpoint of the Slovak economy. I suppose that I need not emphasize that the issue is to whom Slovakia will belong.

Capital rules the world, so why should Slovak capital not have its little share in this?

[Herzogova] Discussions on the privatization of the banking system are being held in well-informed circles. Will this not be too big a chunk?

[Gavornik] This is precisely why we want to proceed very circumspectly in this probably most complicated privatization project. Compared with the financial sector, the privatization activities thus far have been only some kind of "warm-up phase." Banks, particularly private banks, need morally clean, determined people.

[Herzogova] Do we have them?

[Gavornik] We definitely do, but the question is whether all of them are in those banks. Personally, I would have no confidence in a banker who, after being inducted into office, first buys a certain number of new luxury cars and expensive "supplies" for the top management and then ventures upon debates about how much more economically he runs the business, compared with his predecessors.

The economy is not a flea market. That, too, needs to be taken into consideration in establishing a new capital-owning class in Slovakia.

[Herzogova] You are in the coalition team, make use of your influence....

[Gavornik] This is why I speak so openly about this.

[Herzogova] Is the FNM of the Slovak Republic sometimes not taking more upon its shoulders than it can bear?

[Gavornik] The transformation process and privatization, in particular, also entail those risks. Nevertheless, the politicians, and not only politicians, in all of the reforming countries are exposing themselves to those risks. Put this into context with the demand [of the Association of Workers of Slovakia, of which Gavornik is a member] to reinforce control of the FNM of the Slovak Republic by changing one article of the Constitution

and it becomes evident that we seek greater openness of the whole process.

[Herzogova] To make more evident what sort of values are at stake in this process, how many direct sales has the FNM Presidium approved under your presidency and in what aggregate volume?

[Gavornik] From February 1995 until 19 October 1995, the FNM Presidium issued 297 decisions on direct sales, involving property with an aggregate book value of roughly 45 billion Slovak korunas [Sk].

[Herzogova] What proportion of this sum has the FNM of the Slovak Republic acquired?

[Gavornik] When we take into consideration already valid guarantees and the first installments, which are at least 20 percent of the purchase price, it becomes evident how much of this sum belongs to the FNM of the Slovak Republic.

Finance Minister Presents 1996 Draft Budget

LD0711232395 Budapest Kossuth Radio Network
in Hungarian 0845 GMT 7 Nov 95

[Address by Finance Minister Lajos Bokros to the National Assembly in Budapest on 7 November—live]

[FBIS Translated Excerpt] [Passage omitted] The debate starting now on the 1996 budget is outstandingly important, because the main issue is whether the government's economic stabilization program launched in March this year will continue, and whether the government will receive the necessary authorization to press ahead with the economic stabilization and to implement the necessary measures. [passage omitted]

In my view, we must make sacrifices indisputably and clearly, here and now, for the whole of society, the future generations, and for our own prosperity in the not too distant future. For all these reasons we must undertake the painful process of stabilization. I am convinced that we have no alternative. [passage omitted]

We are all aware that the existing weighty problems of the economy can ultimately only be solved through growth, but only if this growth can be maintained and implemented without repeated economic balance problems, and the concomitant need to intervene, while providing, in the meantime, substantive investment opportunities for the business sector, and building the foundations for stable economic growth. This type of economic growth can only be viewed within the context of a decisive correction of the previous economic policy. [passage omitted]

The processes begun in April-May and which signal improvements, have continued throughout October, and in an accelerated fashion. The central budget deficit grew by a monthly average of 48 billion forints [Ft] in the first quarter of this year, by 15 billion in the second quarter, and by only Ft8 billion in the third quarter. [passage omitted]

As far as privatization revenues are concerned, a part of them may only be received next year. This means that the budget can expect privatization revenues of around Ft250 billion in 1995 and 1996. [passage omitted]

In 1966 the main goal is to create the further preconditions of sustainable growth. This means two very important requirements. First, in 1996 further progress has to be made in order to improve both internal and external balance so that palpable and balanced economic growth may begin in 1997-98. Second, in conjunction with this, the system of distributing incomes should be substantially changed to the advantage of enterprises. Without this, an increase in the proportion of invest-

ments within domestic consumption cannot be guaranteed. This increase would improve the competitiveness of Hungarian production and provide the sole support of economic growth.

While putting up with the ensuing conflicts, there is a need for the fulfillment of four major economic requirements in order to achieve these goals:

The first economic policy goal is to halt the increase in the external net debt. This requires a significant decrease in the deficit of the balance of payments on the current accounts, from some \$2.8 billion in 1995 to less than \$2 billion. [passage omitted]

Second, as a condition of the aforementioned, the growth of internal debts should be considerably slowed down. The total deficit of the public finances cannot exceed 4 percent of GDP in 1996.

Third, let me mention measures aimed at stimulating the increase of investments and savings. With these, we want to be able to pursue an income and wage policy favorable for enterprises' investments. This means restricting the needs of public finances for loans and keeping wages within limits set by output.

Fourth, there is a need to restrain the growth of inflation.

The implementation of these economic policy goals is obviously made more difficult by the fact that these requirements make it impossible to raise living standards. What is more, temporarily we can expect a further decrease in incomes in real terms, particularly with regard to real wages. Naturally, following unfavorable developments which have occurred over a long period of time, it is difficult to gain the advance trust and support of society, or its large groups to this plan. However, it has to be understood that the achievement of a calmer period with more favorable conditions—which was set as a target in the medium-term economy strategy and which is to begin in two to three years' time—will only be possible after the resolute and unambiguous fulfillment of these tasks.

If we cannot make a crucial number of changes in 1996, then we will not be able to get rid of our recurring problems, which can be summed up in the dilemma of: either economic growth or equilibrium.

One of the most important changes is to start a reform of public finances. The necessary transformations should be started in the sphere of the large distribution systems. A treasury organization capable of functioning and a public procurement system [kozbeszerzesi rendszer] should be set up as early as 1996. [passage omitted]

Among the short- and long-term measures for improving the balance of the central budget, an important aim of

the 1996 budget policy is a reduction of the budget deficit. Excluding privatization revenues, the public finances deficit cannot exceed 4 percent of the GDP in 1996. In order to achieve this, we must start to lay down, as early as next year, the foundation of the structure of expenditures which will ensure, among other things, that in four or five years from now, when revenues from privatization can no longer be expected, it will still be possible to finance the whole of the central budget and the public finances. This means that, in the long run, the combined deficit of the public finances must be reduced below the rate of economic growth. By the way, this will also ensure that the proportion of the internal state debt vis-a-vis the GDP can be reduced.

I list as the number two aim, in terms of importance, the need to reduce the expenditure level of the central budget and to curb the central budget's role of redistributing revenue. We intend to achieve this primarily by restricting the sources financing the operation of the state. There are several examples in this draft to prove this intention. For example, the money allocated by the 1996 draft budget for subsidizing the institutions financed by the central budget only modestly exceeds the monies provided by the 1995 budget. Compensation for these institutions to counter losses through inflation is to be granted only to a limited circle and to a limited degree. [passage omitted]

The compulsory staff reductions in the public administration which have been taking place serve, on the one hand, internal rationalizations, and as a source to finance a raise in the basic wage of public employees, and on the other hand, a better, more differentiated appreciation of performance. Staff reductions must continue in 1996. I am convinced that this can be achieved without endangering the viability of state administration. Indeed, it serves the creation of a more efficient and better paid pool of experts.

We must not keep silent about the fact that the scope of the budget policy is rather limited in 1996, too. Still, we have been able to provide resources for areas deemed important from the viewpoint of development, stabilization, and economic growth. Let me mention four areas of this kind.

We propose a two-channel financing system for encouraging exports. This aim is served by the economic development projects of the various branches, the financial system of interest payment write-offs, the resources for technical development projects, the further raising of capital of the Export and Import Bank and the Hungarian Export Credit Facilitator Rt, and by other various proposed tax allowances.

I would also like to mention that the policy restricting the central budget expenditure does not apply to financing centrally funded investments. On the contrary, it provides almost 45 percent more resources than in the previous budget for projects which best facilitate economic growth. Infrastructure- and higher education-related investments enjoy a priority in this respect.

As aim number three, I mention that the fight against the black economy, improving conditions in the defense organizations, and raising the level of law and order and public safety will continue to be a declared objective. [passage omitted]

As aim number four, I want to mention that resources for development are being increased very significantly in the area of environmental protection. In 1996, these will exceed 1 percent of GDP. It signals the importance of environmental protection that, under various headings and allocations, more than Ft 70 billion will be earmarked for environmental projects. This sum includes resources from private citizens and businesses. [passage omitted]

One of the important components regarding the financial reform of public finances next year is curbing the specially allocated state funds and the subsystem of public finances. Following the initiatives repeatedly launched over past years and ended without success, in 1996 the majority of the 29 specially allocated state funds will be integrated into the central budget in the form of projects. We propose to retain as specially allocated state funds in 1996, the road fund, the water management fund, the labor market fund, the central environmental protection fund, and the national cultural fund. [passage omitted]

Esteemed House, the public finance deficit, which has not reached 4 percent of GDP is not in antagonistic opposition to opportunities lying in our resources. What is more, the goals we have set can only be reached this way. However, there are a number of related basic conditions. Let me single out some of the most important ones without listing all.

I only want to talk about the revenue side of the budget briefly, since these items will be discussed in detail in connection with the tax bills. I will only speak briefly about taxes from the viewpoint of their effect on the budget and on the economic policy goals. [passage omitted]

Taking into account the amendments, the estimated revenues from company tax will be around Ft71.8 billion in 1996. Consumption-related taxes are one of the most important revenue sources of the budget. They make up about 46 percent of the estimated budgetary

revenues for 1996, excluding revenues generated by privatization and central budget-run organizations.

When drawing up estimates for consumption-related taxes, the government had a plan in sight to curb inflation next year. In order to increase revenues it does not propose raising AFA [general turnover tax] rates or reassigning certain goods from the preferential tax rates to the so-called normal rate. [passage omitted]

In accordance with the obligations undertaken in agreements with our free trade partners, budget revenues from import duties concerning a significant range of products will be 33 percent less in 1996, while revenues from import duties on certain goods will be 15 percent less because of the protection of domestic producers.

In addition to a reduction of tariffs, revenues from the so-called nontariff payments into the budget from GATT state imports, and statistical and duty administration fees, will decrease by 2 percent.

The 8-percent supplementary duty, introduced in March 1995 and to be paid to international organizations, will be levied unchanged on imports in 1996. [passage omitted]

I would like to give more details about the expenditures of the 1996 budget. [passage omitted] We intend to increase support for economic organizations by 24.7 percent, or Ft22.7 billion in comparison to the current year. These subsidies will continue to be in agriculture, railway transport, and industry. This increase in subsidies is brought about primarily by the fact that the multichannel financing of the Hungarian State Railways [MAV Rt] has been replaced by direct central budget financing. Therefore, in 1996, the subsidy for rail passenger transport will be doubled to reach a total of Ft30 billion. [passage omitted]

To ensure the operational viability of MAV Rt and its gradual stabilization, the budget must take several steps in 1996. Of these, the most significant is that liquidity-type loans received by MAV between 1992-95 and guaranteed by the state—more than Ft40 billion—will now be paid off by the central budget, which will also repay the accumulated interest on these loans. This means that the central budget will have to repay Ft28 billion in 1996.

As of 1996, the agricultural subsidies will feature in the chapter on the ministry responsible for the sector's operation [as heard]. The current state support will increase by 14 percent. The ratio of agricultural subsidies within the total subsidies is over 60 percent. Within the subsidy structure, the market and market entry subsidies tend toward the subsidies reducing production costs.

The planned retail price subsidy for 1996 will increase by 30 percent compared to the previous year, that is, the Ft32 billion expected in 1995 will increase to over Ft41 billion. The reason for the increase, in addition to the expected official price changes, is the fact that the price subsidies will become a basis for general turnover tax [AFA]. Out of the price subsidy increase, Ft4.3 billion appear due to the proposed modification to the AFA law, according to which the retail price subsidy would become the basis of AFA as of 1 January 1996. This modification, which will not change the budget's balance, eliminates the measure's retail price increasing effect.

A reduction in certain travel allowances and the subsidy keys related to them has become necessary in order to reduce the rate of increase in retail price subsidies, which has been occurring for years. As a result of this, a yearly saving of Ft1.1-1.2 billion can be expected.

The increase in the amount of new housing built, which has occurred after a continuous decrease for some 20 years, is expected to continue in 1996. This is forecast by the unprecedented increase of some 80 percent in the building permits issued this year. [passage omitted]

The budgetary sources do not allow for the development at an equal and substantial rate of individual sectors and areas in the circle of institutions financed from the central budget. The planned resources for central institutions amount to exactly Ft400 billion which exceeds the amount expected for 1995 by just 5.2 percent. This means that, in this sphere, a reduction in real value must indeed be expected. [passage omitted]

Increasing citizens' training and their educational level is an important condition of starting economic growth. Therefore, education, within the budgetary situation of higher education, receives particular attention. Society has much higher expectations of higher education than what may be expressed by an increase of budgetary support. Increasing work efficiency, making better use of available resources, and being economical with wages and material costs can all contribute to meeting the requirements.

The new normative financing system which will be applied as of 1996 in higher education will allocate financial resources to the given tasks and results, and thus directs institutions toward modernizing the (?education) structure and rationalizing the institution network. The budgetary support of higher education, including operational and accumulative extras, will increase by Ft7 billion over 12 percent, compared to the supplementary budget of 1995. Next year, the institutions will have to run with fewer teachers and other staff in relation to their tasks. In 1996, there will be no central cuts in

resources allocated for wages, which would mean staff reductions, and which makes it possible for institutions to bring about sensible staff numbers in order to create the sources of possible wage increases.

The number of full-time students in higher education will grow by 35,000, and the grant for them will amount to Ft2.3 billion. Some Ft700 million may be spent on extra training costs due to the increase in student numbers.

Some Ft1.3 billion will be allocated for the integration of higher education institutions. This sum can be used for creating universities and colleges, with several faculties and their unified management organizations. [passage omitted]

In 1996, Ft6 billion will be spent on construction within higher education. Of this, Ft3 billion will be spent on the next stage of the Lagymanyos University development program.

Higher education developments will be partially covered by the revenue from basic tuition fees. From this, the central budget plans a revenue of Ft2.6 billion taking into consideration the fact that the number of students in higher education will increase, and the 2,000-forint monthly basic tuition fee will not change in the 1996 academic year as agreed with university student representatives.

The role of local governments is important in the financing of public education, since a decisive majority of the institutions are under their management. In addition to the growing sum of state contribution to the local governments' public education duties and centralized grants, the Ministry of Culture and Education will supply Ft1.4 billion to support the execution of public education tasks and professional programs. A greater proportion of this sum will help in setting up and spreading an alternative curriculum, which is based on the national curriculum, teaching programs, textbooks, and teaching tools.

Research and technological development are two parts of economic development which do not have short-term effects, and significant budgetary spending is needed in order to build their foundations. Therefore, the government endeavors to treat these areas with high priority, which is a change to the practice of the previous period. This statement may sound as commonplace, but the series of measures taken in the past year can only confirm it. The financing of research and technological development will continue on several levels in 1996. This means that the provision of finances for the institutions will be carried out directly by the central budget and enterprises. The planned budgetary

support for next year will be Ft9.3 billion, taking into consideration the operational and accumulative sources. This will cover 60 percent of the costs. The increase in support compared with the 1995 supplementary budget will be 18.7 percent. [passage omitted]

Esteemed House, cultural institutions and tasks remain to be financed through a multichannel system. The extremely complex system consists of state, foundation, church, local government, and private institutions. The state has a role in running and developing national, cultural, and art institutions, and in subsidizing several tasks of national significance. Next year, Ft560 million are earmarked for this purpose. The main institution of state sponsorship is the National Cultural Fund, which has increasing resources and which, inviting bids, allocates additional resources for institutions run by local governments or the civic sector.

Hungarian Radio, Hungarian Television, and Duna Television have a special role among the cultural institutions. If the bill on radio and television broadcasting is approved, Hungarian Radio and Hungarian Television will no longer be state budget institutions. In the present budget bill, grants for Hungarian Radio will stay on the same level as before, while grants for Hungarian Television will be reduced as a result of restrictions in personal allowances approved in the 1995 supplementary budget, which will also have its effect on 1996. However, the planned 15 percent increase in radio and TV license fees may provide extra revenue for the two institutions.

Preventing deterioration in public order and public security is the first task of the authorities in charge of public order for 1996. The central budget will provide additional resources in order to meet increasing expectations vis-a-vis professional staff, and to improve the level of competence through police training. In order to prevent staff from leaving the profession, the professional staff of authorities in charge of public order will receive pay rises: these will be 20 percent in the police force, and 15 percent in fire services, civic defense, the security services, customs and excise officers, and prisons. The professional staff of the Border Guard will receive a 15 percent pay rise, while conscripts will receive a 20 percent rise in allowances. The central budget will allocate some Ft2.4 billion for this.

On the basis of a National Assembly resolution, army restructuring, which started in 1995, will continue. As a result, the system of management and the organizational structure will change, the total strength of the armed forces will be reduced, and the internal proportions of costs will also change. Expenses resulting

from the transformation will have to be financed from two sources: on the one hand, from utilizing internal reserves—that is, from savings from a simplified structure and from staff reductions. On the other hand, resources for operational costs will be increased by Ft3.3 billion and government investments will be increased by more than Ft1.1 billion. [passage omitted] Although the army's expenditure will decrease by more than Ft0.5 billion as a result of staff cuts, expenses related to redundancies will reduce these savings. [passage omitted]

Estimating the same level of the total amount of state subsidies and regulated local government resources, the government is proposing to shift the focus within the local government regulation. It has to be clearly said that the government's budget policy sets strict requirements vis-a-vis local authorities. [passage omitted] Providing resources for public education, reducing differences between regions, and developments enjoy preference in our proposal. [passage omitted]

The government considers it important that the allocation of resources for public education has to change entirely. We decided at a government session on 5 November that the allocation system will be changed gradually. By increasing the normative per capita grants in 1996, central budget grants will be more in proportion with the actual running costs of institutions. The proposed system is aimed at trying to ease the financial problems of small villages, and helps to exercise the citizens' right of free choice between educational institutions by focusing on local governments in charge of regional tasks.

In the second phase, an entirely new type of allocation system, based on new performance criteria, will come into force. This system intends to expose and utilize the institutions' internal reserves and, as a result of the reallocation of these reserves within public education, will also lead to a higher standard in education. In this system, there will be a better opportunity for higher rewards for teachers and other staff of public education employed on the basis of the new performance criteria. This has to be included in the public education bill as soon as possible, making sure that the performance criteria are unambiguous and clear. [passage omitted]

The government also intends to strengthen the aspects of regional development in the budget bill. [passage omitted] According to our proposal, a new development fund of Ft5 billion will help in developing a productive infrastructure by local governments which are in the worst situation, making it possible for these local governments to take a more active part in strengthening the local economy and reducing employment problems. A part of the resources aimed at regional development, similarly to EU practice, will be utilized through the

participation of so-called county development councils, in the framework of a decentralized decisionmaking system. [passage omitted]

The government will support local government development projects with an increased amount earmarked for individual and aimed funds. [passage omitted] Investments in the crisis-hit regions and enterprise zones will also be boosted by new regional tax allowances, which implies a loss of budget revenue of about Ft2.6 billion [passage omitted]

Our calculations clearly indicate that there is a need to reduce the proportion of personal income tax to be kept by local government. Therefore, the government has decided that the current proportion will gradually be reduced to 20 percent. As a first stage of this change, we propose a 25 percent rate for 1996. The government has also decided that the extent of the personal income tax transfer to the central budget should reach 40 percent by 1998. The 1996 budget bill sets this level of transfer at 36 percent.

The government thinks that the time has come to change supplementary support for local governments which have fallen into a disadvantageous situation through no fault of their own: to abolish the top-up grants. The current system does not encourage some of the local authorities to take unpopular decisions required by a rational financial management. [passage omitted] Major support to handle extraordinary and unexpected events and a repayable subsidy for interest payments in order to settle the debts of local governments which have become insolvent through no fault of their own will remain in place.

The launching of the so-called net financing system is an important change in local government finances, which will be the first step in the introduction of the treasury system in 1996. [passage omitted] It is important to stress that the net financing system will leave the local authorities' independence in financial management entirely untouched. [passage omitted]

Esteemed National Assembly, I am aware of the fact that it is mainly the social measures of the economic stabilization package which have been overruled by the Constitutional Court's decisions. Therefore, we needed to reconsider our earlier proposals at all costs. [passage omitted]

With regard to the tasks arising from the Constitutional Court's rulings, in 1996 we also have to begin implementing a real social policy reform in the framework of the state finances reform. Time goes by and we cannot afford to put off ahead the tasks we are facing. Decisions will have to be made almost simultaneously in

order to establish a coherent system in state finances, taking into account the pressing time. [passage omitted]

This country is unable to finance several dozen social support schemes. In our social support system, we wish to apply the principle of need. This intention appears in the 1996 budget proposal, in the fact that the planned allocation will decrease compared to 1995 due to the modification of the family allowance's basis of need. The proposal affects 15-20 percent of families. It is important to say, regarding the family allowance, that the government continues to check the need via the family's financial situation, despite the debate around this. Here is a chance for us to unveil some of the black economy, even if only to a small extent, and not to argue about the reason why the proposal is not good, but to cooperate in finding a way to solve it.

Regarding the health service reform concept, we are accused of trying to privatize the health service. I confirm that we have never wanted to reorganize the whole of the health service into a profitmaking enterprise. What we want is to make use of the advantages of market conditions, and the motivations arising from it. According to this, social insurance appears in hospitals as a customer, and it pays according to results. We believe that in order for health service spending to stabilize at a suitable level, there is a need to involve the population's finances, the population has to carry some of the burdens. This is the way to openly put an end to the system of gratitude payments. This must of course be done in such a way that health workers receive the income they deserve on the basis of their performance.

I am also glad if in addition to this, profitmaking health institutions are also set up. Those who can pay should make use of them. In this way the burden on institutions financed by social insurance will be reduced.

A reform of the pension system must also begin in 1996. Today, professional debates are taking place on basic questions, but everyone agrees that the new pension system must create three things: stability, predictability, and affordability. [passage omitted] Our view is that the new pension system must be able to serve personal social security and the national economy's interests, within the extension of long-term savings and internal investment sources.

Esteemed House, as regards the social insurance funds, the submitted budget bill includes an issue of great importance: the consolidation for several years of the social insurance's deficit. The first step of this will be to write off the 1992-93 social insurance deficit not covered by securities issued with state guarantees, and the social insurance deficits set down in the 1994 final

accounts, and the central budget adopting the capital payments of long-term securities covering the 1993 deficit. In the 1994 final accounts of the social insurance funds, the replacement of the liquidity reserve included in the 1991 deficit settlement will also be settled. In this way, with the end of 1994 the funds will begin from zero, so to speak.

The central budget, in order to guarantee continuous provisions, will continue to guarantee up to the sum set out for the funds, and interest free credits from the forward payment account [megelőlegezési számla] related to the treasury's unified account [kincstári egyseges számla], on the basis of a previously submitted financial provision plan. [passage omitted]

The interest paid on the central budget's internal debt, and the interest payment obligations taken over from the social insurance funds, will be Ft539.6 billion in 1996, which means an increase of Ft68.8 billion compared to the previous year. The interest payments, although their nominal increase will be 14.6 percent, will decrease in real value for the first time in many years. The rate of interest payments compared to the GDP will not grow in 1996. On the contrary, it will fall to 8.3 percent in 1996 from 8.6 percent in 1995. Thus, although interest payments will take up a great proportion of the budget's expenditures, the hitherto prevailing trend will turn and the debt burden will stabilize, which is one of the greatest successes of the stabilization policy.

The deficit of the central budget without privatization incomes will be Ft224.8 billion. [passage omitted]

In order to guarantee financing needs, the deficit financing debt service of the central budget will be increased by Ft82.7 billion and the debt service to finance other purposes will increase by Ft83.6 billion due to necessary repayments and the so-called zero exchange [nullas csere]. [passage omitted]

While in 1995, a total of Ft135 billion of the deficit financing debts had to be renewed, in 1996 this sum is expected to rise to Ft272 billion. [passage omitted]

During the implementation of the economic strategy, a desired regrouping of incomes benefiting enterprises will commence in the wake of this year's and next year's stabilization measures. By following the proposed economic and budgetary policy, it can be realistically expected that a relative slowing down of consumer demand will not have a recession effect, but as a result of income regrouping, it will in essence immediately increase the self-financing ability and the potential resources of the entrepreneurial sphere. One of the most important conditions of the regrouping of incomes and the expansion of the entrepreneurial sphere's scope

is that the state finances' redistributing role should significantly decrease, as well as the impact of the huge financing need regarding the deficit of the state finances which forces enterprises out of the market, and the outstandingly high interest rate on loans should further drop. Only the curbing of the deficit of state finances and a strict budget for next year to facilitate it will finally lead to a lasting surmounting of the balance of payments deficit, stabilization, and then a reduction in the proportion of state debt compared to the GDP. [passage omitted]

Finally, I wish the esteemed National Assembly useful and constructive work, and on behalf of the government, I ask for the esteemed deputies' support for the adoption of the bill. Thank you for your attention.

Foreign Investment in Privatizations Assessed

AU0711165195 Budapest NEPSZABADSAG (Joint Ventures Supplement) in Hungarian 6 Nov 95 p 1

[Report by "P.A.G.": "Germans and Americans in the Lead"]

[FBIS Translated Text] Ever since privatization started, it has been a constant subject of debate as to whether it is good to put domestic companies into foreign ownership. However, while the debates were going on, the economy followed its own path: Foreign investors had acquired shares in 419 state companies by the end of August 1995 valued at 339.74 billion forints [Ft].

According to data of the State Privatization and Asset Management Corporation [APV RT], some 1,857 state enterprises were on the registers on 1 January 1990. Out of these, some 1,330 were turned into companies

[tarsasag] and more than 400 had to be liquidated or dissolved. Of the privatized companies, foreigners had acquired shares in 419.

The largest proportion of the Ft339.74 billion in capital arrived from German investors: They bought shares for Ft82.26 billion. Americans, who have so far bought shares worth Ft79.35 billion from the privatization organizations, are almost neck and neck with them.

Austria is the third largest investor with Ft45.78 billion. The Austrians are in the lead in the sense that they have bought shares in the largest number of Hungarian companies. Britain and France occupy similar positions: The British have acquired Ft28.13 billion worth of ownership in 34 companies and the French have acquired Ft22.91 billion worth of ownership in 37 companies. Dutch and Belgian companies have invested Ft16 billion and Ft14 billion capital in the course of privatization and Swedish, Swiss, Italian, and CIS companies have invested amounts below Ft10 billion each.

Multinational companies have been rather active in privatization. Their appearance has evoked resentment as well as enthusiastic welcome. It is a fact that certain industrial sectors, such as the vegetable oil, tobacco, confectionery, construction, and construction material industries, have been among the fastest privatized branches. The largest investors have come to these areas.

A list of the 20 largest value privatizations has been drawn up by the APV RT. However, the amount paid by the buyers is not shown next to the company names, which are in order because some of the contracts forbid the publication of such data.

20 Largest Foreign Investors in Hungarian Privatization

Company	Investor	Country
Hungarian Telecommunications	MagyarCom	German-U.S. Corporation
Tungaram Inc.	General Electric Co.	U.S.
Vegetable Oil & Detergent Producing Inc.	Cereol Holding BV	Holland
OTP Bank Inc.	International syndicate	International
Paper Industry Company	Hamberger GMBH	Austrian
Hungarian Foreign Trade Bank Inc.	International syndicate	International
EGIS Pharmaceuticals Inc.	Nat West	British
Pannonia Hotels Inc.	Accor S.A.	French
MALEV Inc.	Alitalia	Italian

Company	Investor	Country
Hungaria Hotel and Restaurants Company (HungarHotels)	Marriott	U.S.
Lehel Refrigerator Manufacturing Ltd.	Elektrolux	Swedish
Oxygen and Dissolved Acetylene Gas Ltd.	Messer Griesheim GMBH	German
Debrecen Tobacco Ltd.	Reemtsma GMBH; Ernste Vervalhang GMBH	German
Comp. Douwe Egberts El. Cs. K. Inc.	Douwe Egberts N.V.	Belgian
Ikarus Bodywork and Vehicle Manufacturer	Atex	Russian
Cement and Lime Works (CEMU)	Heidelberger Zement AG	German
Cement and Lime Works (CEMU)	Schwenk Zementwerke KG	German
Quintie Confectionery Ltd.	Stollwerck AG Koln	German
Eger Tobacco Ltd.	Philip Morris Companies Inc.	U.S.
Borsod Beer Factory Inc.	Interbrew S.A.	Belgian

These do not include companies whose privatization has been particularly in the limelight in recent days. Bids were recently invited for the five provincial natural gas suppliers. Bidding for the electric industry companies, including the six electricity suppliers, the seven power stations, and the Hungarian Power Stations Inc., is under way; their total registered capital on offer approaches Ft250 billion. The privatization of the Hungarian Oil and Natural Gas Corporation [MOL] is approaching and the case of Antenna Hungaria has not yet been closed, either. These large companies can obviously only be bought by foreign investors.

Nuclear Power Station Block Stopped; 'No Danger'

*LD0811125395 Budapest Kossuth Radio Network
in Hungarian 1100 GMT 8 Nov 95*

[FBIS Translated Excerpt] We reported a few minutes ago in this newscast that, according to news just

received, one of the blocks [No. 2] of the Paks nuclear power station has been stopped. Agnes Pap reports on the latest news:

[Pap] The 400 megawatts lost will not be missing either from households or from factories, because imports from abroad will make up for the losses. It has also been said that there is no danger of an accident of any kind. The fault has been investigated. It is expected to be repaired, but no energy shortages can be expected even during that period. [passage omitted]

Bosnian Presidency Member Komsic Views Talks

AU0711155995 Sarajevo SLOBODNA BOSNA
in Serbo-Croatian 20 Oct 95 pp 5-7

[Interview with Ivo Komsic, member of the state Presidency of Bosnia-Herzegovina and president of the Croatian National Council, by Asim Metiljevic; place and date not given: "The Fortunes of War Are Changeable"]

[FBIS Translated Text] Dr. Ivo Komsic, member of the Presidency of the Republic of Bosnia-Herzegovina, is a member of the Bosnia-Herzegovina delegation as well and also took part in the latest peace negotiations in Geneva. Therefore, we asked him to analyze the then and current negotiating position of the sides.

[Komsic] Only at first sight are the forthcoming peace negotiations uncertain. This is because, if we look at our situation objectively, many principles of the peace conference are already well known. If we compare this conference with previous ones, particularly with the entire series of Geneva talks, we can obtain reliable insights from such a parallel analysis into what will be happening and even predict the results. This parallel analysis is very interesting, because it actually eliminates the current uncertainty that is apparent in the public.

[Metiljevic] It is clear that now we have completely different conditions for talks from those in which the last peace conference in Geneva was held. Still, what do you consider to be the most important change in the conditions?

[Komsic] It may seem obvious, but I consider it an important change that the peace conference will be held in the United States, rather than elsewhere. The very atmosphere that obtained in Geneva, the mediator Owen, and a string of other things were quite disadvantageous for us. The negotiators have been constantly kept under various pressures in Geneva. I consider it significant that this time the negotiating team will represent the Federation, while last time we had three negotiating sides. Moreover, before there had been attempts to involve Fikret Abdic in the game in a perfidious way, which considerably weakened our position. Today the Croats and the Bosniaks are acting as one, in a joint team, with the same platform, while the puppet Abdic has been eliminated from the scene.

It is important that the negotiations will be held under the mediation of Richard Holbrooke, rather than that of the icy Lord Owen, who was not very well disposed toward us. At the last negotiations he imposed on us a very unfavorable concept and kept insisting on it. That is a concept of Bosnia-Herzegovina as a union, composed of three republics without mechanisms that would protect

it from falling apart later on and from de facto partition. In Geneva we felt as if under a grindstone from which it was difficult to extract ourselves. Holbrooke conducts negotiations in a completely different way. Our starting position is much better this time, because it is clear to us even now that we are negotiating on the basis of the agreement ratified in New York, which envisages the state of Bosnia-Herzegovina within its current borders, which will experience internal reconstruction, whereas Owen's starting point was the concept of three nation states in Bosnia-Herzegovina, all of which is a considerable improvement.

[Metiljevic] Of course, that is not the most important change of conditions.

[Komsic] Of course not, but I have started with less important things only to get to the crucial ones now. The crucial change is the factual existence of the Federation. You see, we went to Geneva last time under the extreme burden of the conflict between the Bosnia-Herzegovina Army and the Croatian Defense Council [HVO]. Today, we not only do not have that conflict, but we have a very efficient alliance instead. Just remember, at the time the chetniks were at the gates of Sarajevo. There was a danger that they might take the entire Mt. Igman and thereby completely block Sarajevo. Today the Bosnia-Herzegovina Army and the HVO are at the gates of Banja Luka. Even if there were no other results, the existence of the military alliance alone would represent an invaluable advantage for our side. In addition to the conflict with the chetniks, at the time there was a conflict between the Bosnia-Herzegovina Army and Abdic's separatists. All that made our position extremely difficult and actually weakened it. Then we had to make additional efforts and struggle to get the safe havens, the no-fly zone, and such things, because the situation on the front was very unfavorable.

[Metiljevic] Is the balance of military power primarily a political question, and only then a military one?

[Komsic] Of course. We are entering the negotiations with a different strategic basis, as well as with a different objective situation. For the first time we do not have to listen to dramatic news from Bosnia-Herzegovina, fearing that this or that safe haven would fall, or to plead for electricity for Sarajevo, and suchlike. The military situation strengthens our negotiating position. We are able to be assured of a favorable outcome through the combination of military and political pressure. Karadzic has always played the card of military superiority hitherto and for that reason they were not negotiations, but rather Serb blackmail.

The humanitarian situation is not unimportant, either. Today we do not have roads that are cut off, cities completely dependent on Karadzic's good will. Today even Sarajevo is a relatively open city. Commercial goods are coming into the city and prices are even lower than in other cities in Bosnia-Herzegovina. Today Banja Luka is in the position in which Sarajevo was on the eve of the Geneva talks.

[Metiljevic] The international political circumstances have changed to a degree as well. How do you view that aspect?

[Komsic] I view it as very important. Today there is no country that supports the partition of Bosnia-Herzegovina, while a year ago the situation in that respect was quite different. At the time the EU had certain reservations toward Bosnia-Herzegovina. The United States was rather uninterested. However, now not only is public opinion in many countries on our side, but also governments as well. No country in the world supports the partition of Bosnia-Herzegovina today, not even Russia. Which means a completely different starting position in the negotiations for us. It is highly significant that the United States has become directly involved in the current negotiations and it has been acting as a mediator. In the United States, new elections are nearing and Clinton will certainly be endeavoring to make a start in the electoral race without the Bosnian millstone around his neck. We have to make use of that, because today the political positions of U.S. politicians are being gauged by their attitude toward Bosnia-Herzegovina. We have recently had the opportunity to check the U.S. attitudes, both official and unofficial, and we are convinced that the United States will not give up the principles that are our principles at the same time, which are, in the first place, the integral, multiethnic state of Bosnia-Herzegovina. I consider it extremely important that everything has already been prepared and agreed upon regarding the NATO forces that will be implementing the solution achieved. The inefficient UNPROFOR [UN Protection Force] will pull out and give way to resolute and efficient NATO forces, which will be a military guarantee, while the United States will be a political guarantee that what is agreed upon will be implemented. Of course, another guarantee is the five-member Contact Group, because it involves the leading countries of the EU.

[Metiljevic] The position of the Serb side in the negotiations hitherto was superior, but now that circumstances have changed, will you probably no longer be confronted with arrogant blackmail?

[Komsic] Yes, of course. It is not unimportant that the connection between Pale and Belgrade has been cut in a

certain way. Belgrade wants to get a peace settlement, because the fate of Serbia is bound up with peace in Bosnia-Herzegovina. That is the cause of the conflict between Milosevic and Karadzic. Today there is even a conflict within the so-called Serb Republic [Serb-held entity in Bosnia-Herzegovina]. Generals come and go, governments come and go, tension is growing, polarization increasing, and all this makes Milosevic's position even more unstable. In Belgrade there have been demonstrations, which is a prelude to more serious social turmoil, unless the situation changes soon, and it cannot change without peace in Bosnia-Herzegovina.

A very favorable circumstance is the activity of the tribunal in The Hague, which did not exist during the Geneva talks. That situation created the impression that one can do anything, that nothing is punishable, and that the peace process exists only to verify a state that had been created through brutal violence.

[Metiljevic] This time the Serb side will be led by Milosevic, rather than by Karadzic. Do you think that this is significant?

[Komsic] It is not insignificant. Milosevic is in a hurry, because the internal situation in Serbia requires peace to be achieved in Bosnia-Herzegovina as soon as possible. Therefore it will be easier to negotiate with him than with Karadzic and Krajisnik, for whom the only way out is an independent Serb state. They have always negotiated from a position of strength, because they were backed up by force. Today the situation is different. Milosevic's and Karadzic's interests are not always identical and that is to our advantage and good fortune.

[Metiljevic] As far as I remember, at the last meeting you had a very interesting dialogue with Karadzic.

[Komsic] Yes, I did. I hardly had a chance to speak, because Owen was persistently pushing his concept of three nation states. Prime Minister Silajdzic threatened that our delegation would abandon the negotiations if I did not get a chance to speak. I presented my plan for a cantonal constitution of Bosnia-Herzegovina, which aroused great attention. Karadzic even demanded to record my expose by video camera to be able to analyze the proposals stated later on. Owen was also interested in the proposal, but eventually they gave up analyzing it. During a break, Karadzic told me that my proposal was interesting, but they still stuck to the concept of three nation states in Bosnia-Herzegovina. Then I told him that my proposal was actually his last chance. "If you do not take it now, you will not get another," I told him. And it turned out that I was right. Indeed, Karadzic never did get another chance.

[Metiljevic] Still, Mr. Komsic, the danger of the possible division of Bosnia-Herzegovina into two parts has not been eliminated. What are the protecting mechanisms that would make possible developments in that direction?

[Komsic] I agree. The danger of Bosnia-Herzegovina's partition still exists, because there are political forces interested in such an outcome. There are internal forces that will tend toward the dissolution of Bosnia-Herzegovina, that is, to add the so-called Serb entity to Serbia, and the Federation of Bosnia-Herzegovina to Croatia. Those forces are not inconsiderable. To prevent that, the final agreement must anticipate protective mechanisms that will prevent such an outcome. In my opinion, the key mechanism is Bosnia-Herzegovina's admission to the EU and to NATO's Partnership for Peace. If the EU imposed its criteria on Bosnia-Herzegovina, then the danger of dissolution would be eliminated, particularly because NATO would be the military guarantor of the peace agreement.

[Metiljevic] It seems that you are an optimist on the eve of your trip to Washington.

[Komsic] Yes, I am, and I have a good reason to be.

UBSD Views Talks With 'Confidence and Hope'

AU0711164195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 7 Nov 95

[Report by Zinajida Adilovic]

[FBIS Translated Excerpt] The peace talks in Dayton, the return of refugees and displaced persons to their homes, the results of the Croatian elections, and the settlement of electricity, gas, and communal charges bills by the citizens of the Republic and the Federation of Bosnia-Herzegovina were the topics of today's regular news conference of the Union of Bosnia-Herzegovina Social Democrats [UBSD]. Zinajida Adilovic reports:

[Adilovic] The peace talks in Dayton were the focus of the UBSD's news conference today. The correspondents were addressed by Safet Jakupovic and Edhem Biber, members of the party leadership. Although there are a number of problems that our well-balanced and competent delegation is facing, we are looking to the Dayton talks with confidence and hope, Mr. Jakupovic said, adding that the focus of the party's utmost attention are the problems involved in defining the Constitution and elections. Well-prepared elections, which would held be after the refugees return to their homes and which would be monitored by the EU, the functioning of a multiparty democratic system, and respect for human rights could be the first stage in the development of a modern and democratic state of Bosnia-Herzegovina.

One of the crucial issues for the Federation and state of Bosnia-Herzegovina is the return of the refugees to their homes. Considering that many important elements of the future setup of our country depend directly on the settlement of this issue, members of the party take the view that this job should be speeded up as much as possible. The UBSD adheres to its view on the need for a global settlement of the refugee problem, without any conditions being attached to it by any side.

Regarding the results of the elections in Croatia, the party believes that the course of events in that republic will positively affect the process of setting up the federation. [passage omitted]

Kljujic Favors Future Multiethnic State

AU0811084795 Belgrade NASA BORBA in Serbo-Croatian 1 Nov 95 p 9

[Interview with Stjepan Kljujic, chairman of the Republican Party of Bosnia-Herzegovina and an ethnic Croatian member of the Bosnia-Herzegovina State Presidency, by unidentified correspondent; place and date not given: "The Future Lies In a Civil Bosnia"]

[FBIS Translated Excerpt] At the recent Helsinki Parliament of Citizens held in Tuzla, Stjepan Kljujic, former leader of the Croatian Democratic Community of Bosnia-Herzegovina and now leader of the newly founded Republican Party, was also a participant. In the past he was elected to the Presidency of Bosnia-Herzegovina, removed, and then reinstated to the political leadership of the country. Asked how this occurred and how he switched over from a nationalist to a civic party, Kljujic says:

"I have not changed; it is only that one day they sold me out, they sold the Constitution out, and then, probably under pressure from the Bosnian and international public, they reinstated me. I am a man who belongs to the patriotic front of Bosnia-Herzegovina, a fighter for Bosnia-Herzegovina's independence, and to me everything is very simple." [passage omitted]

[NASA BORBA] Are you convinced that the leader of Croatia, Tudjman, has definitely abandoned the partition of Bosnia-Herzegovina?

[Kljujic] I do not know whether they have abandoned that idea, but I do know that they have lost the chance to divide Bosnia-Herzegovina. We have taken our chance to preserve it and I know that we shall keep Bosnia-Herzegovina within its internationally recognized borders. Besides, with the division of Bosnia-Herzegovina everybody would lose, particularly the Croats, because the Croats in Bosnia-Herzegovina are so dispersed that they live from Neum [on the Adriatic] all the way up

to Brcko [on the northern border with Croatia]. If they were to achieve a Herzeg-Bosnia, it would be their loss, because the ratio of Bosnian Croats to Herzegovinian Croats is 83:17. This means that 83 percent of the Croats live in Bosnia, while only 17 percent live in Herzegovina. On the other hand, those regions in Herzegovina were once offered to me by Milosevic. However, Croatia would not benefit from that either, because any division of Bosnia-Herzegovina results in a 200-km line of demarcation between Serbia and Croatia, which would mean a latent danger for peace in the future Balkans. In Bosnia-Herzegovina, however, the Bosnian Croats have achieved their own state, that is, they participate in their own state, while Croatia has a peaceful Bosnia-Herzegovina on a large section of its state border, 50 percent of its total border.

[NASA BORBA] What we can see in Tuzla is largely different from other urban environments in Bosnia, by which we mean chiefly Mostar, in which the Croats and Muslims dominate. What will you and your Republican Party do to strengthen even further the concept of a civic state?

[Kljucic] I think that Bosnia-Herzegovina has preserved an embryo of reintegration precisely in the urban environments, where the cohabitation mentality has been preserved. As for my party, I have the support of the citizens. Unfortunately, the citizens are the category that has suffered most in this war. This has not been a religious war. This is a war of non-urban people against citizens, so the greatest victims of the war in Bosnia-Herzegovina have been the urban centers. I strongly believe in the future of a civic Bosnia-Herzegovina. We have preserved Sarajevo, Tuzla, and Zenica, cities that have been quite difficult to live in for members of certain ethnic groups at certain times. At the beginning of the war, it was very difficult to be a Serb. During the conflict between the Croats and the Muslims it was difficult to be a Croat, but I think that it has been constantly difficult to be a Muslim of European orientation. But now we have overcome all that and created an embryo for a future civic state of Bosnia-Herzegovina.

[NASA BORBA] You have said that the future of Bosnia-Herzegovina is in civic parties. Do you see any such force among the Serbs?

[Kljucic] I see such tendencies the most among them. That is to say, the Serbs who have remained under the legal authorities of Bosnia-Herzegovina have gone through hell, but they have still mustered the strength to persevere. They have had the hardest time of all of us, because not only have they been shelled from Pale, just like us, but they have been simply disqualified as their

representatives. I think that it is precisely the presence of the Serbs that has been proof to the great powers that the Pale regime is not the sole representative of the Serb people in Bosnia-Herzegovina. As you see, recently they have been awarded the Alternative Nobel Peace Prize, which is a great recognition for the people who have remained here with us, who have defended Bosnia, and who have made their contribution to spreading the truth that not all the Serbs are in Pale. Second, we have been advocating the principle for a long time that there is no collective responsibility, that is, that one entire nation cannot be blamed, but believe me, we shall not give up the tribunal in The Hague, files for which we have in great quantity on all those who have committed atrocities, and who must be brought to justice.

[NASA BORBA] What are the chances of forming parties without national denotations among the Serbs as well? The Serb Civil Council has the Serb denotation as well, does it not?

[Kljucic] I have to say that there are a great number of Serbs in the Republican Party and I hope that some of these people and those who will be returning to Bosnia-Herzegovina will contribute to forming a civic bloc, which will oppose the nationalist parties, which, let us be honest, will reign for a number of years to come. But as a man who is engaged in politics, I do not think that the victory in the first postwar elections will be of great significance, because the party that wins them will have to take care of the disabled, a devastated country, and a great number of problems. I personally think that my Republican Party will be a standard parliamentary party that will monitor the authorities and even now I am already working out extensive programs for the disabled, for instance, demanding that they be provided with wheelchairs or artificial limbs, or given the possibility to retrain, to get jobs and housing....As for the Serb Civil Council, after such a good role it might perhaps be a degradation for it to turn into a political party. The influence of those people who have contributed to better understanding among the citizens of Bosnia-Herzegovina is an extraordinary political asset that they should utilize by belonging to other parties.

Serb Commentary: 'Nothing Good' at Ohio Talks

AU0811122895 Banja Luka GLAS SRPSKI
in Serbo-Croatian 4-5 Nov 95 p 1

[Commentary by Nenad Novakovic: "Certain Uncertainties"]

[FBIS Translated Text] In Dayton, the Americans are filling in and writing their history to the disadvantage of the Serbs. In these five years of war, we have failed

to adjust to the fact that nothing good will ever come from that camp. Pressure, blackmail, slander, warplanes, bombs, Tomahawks, threats, borders, constitutions, new leaderships...and more, all to the disadvantage of the Serbs. Why should we now trust that these same people are wishing us well and offering us good things.

Based on the concept of the devastated former Yugoslavia, the unimaginative Americans, after so many casualties and fighting, again want these same people to forget what happened yesterday and resume living in a joint state. The Serbs from these areas did not want to leave Yugoslavia in 1991, but those who did wanted to take them along.

What is it that the Serbs want? Nothing more than the others are getting. Even less. They want to be able to elect their own representatives in their state, not in this American cosmetic and imposed state, created for the second time in half a century, that hitherto only survived in respites between wars. U.S. politicians and world policemen sometimes forget themselves out of rage and say things that serious politicians should never say. U.S. Secretary of State Warren Christopher, without a trial and out of court, has proclaimed the president of the Serb Republic [Serb entity in Bosnia-Herzegovina]—a state recognized within the union of Bosnia-Herzegovina—and the supreme commander of the army of this same state as war criminals.

A democratic state usually first passes sentence and only then announces it. In this case, out of court and with no defense, Mr. Christopher sentenced, blackmailed, dismissed, and attempted to appoint new presidents and commanders in the Serb Republic. Such might be his wishes, but even if so, he could have, at least out of diplomatic considerations, saved the harassing, pressuring, and blackmailing of the negotiating teams from Yugoslavia and the Serb Republic until the end.

In this way, the goal has been explicitly stated: the removal of the Serb Republic state and military leaderships, the imposition of constitutional and territorial solutions so that the Serb Republic *de jure* exists only for the duration of the negotiations and until all the points demanded by the Republic of Croatia and the government in Sarajevo are settled. Following this, the entity would disappear. So why the effort—as the “democrats” claim—for just and democratic elections when in fact there is already talk of who may and who may not and should not be elected? Elections are considered irregular if only one single person is threatened or given an ultimatum preventing him from voting if he has the right to do so. However, two key players in the Serb Republic, at least during the past five years of war, now may not

be candidates, not by the will of the people, but because of terms dictated by the “democratic world policeman.”

Elections in the Serb Republic will show who the people want, but this can be achieved without suggestions, whispers, and the imposition of solutions from outside. The Republic of Serb Krajina [formerly Serb-held territories in Croatia] experience is still fresh and far too painful for anyone to play games with imposed personnel and individuals who do not have the support of the people.

Information that reaches the public about the talks and the results of the negotiations in Dayton clearly implies that there is a firm resolve to establish peace in the region of the former Yugoslavia, but not a just or lasting peace. It is obvious that everyone has had enough of the war, but even peace has an alternative if it does not bring anything better or more than war. A certain uncertainty and the loss of the state, insecurity regarding the survival of the people, permanent fear and the lack of prospects in the proposed peace are worse than war, which at least offers hope in a better future. This is not support for the war option; on the contrary, it is simply a reflex conditioned by the irritating phrase “peace has no alternative.” Those who say these words do not seem to have prepared well enough for serious, promising talks, because they are giving up in advance and offering peace at any price.

Even in these hard times, peace at any price is not the best solution for the Serbs. We need to see to it that the Serb Republic has neither more nor fewer rights and obligations than have been offered the Croatian-Muslim alliance. In that case, the union, as an interim solution, might have a chance of achieving peace. Peace is now crucial, but a just and fair peace, without blackmail, deception, lies, and insidious actions. There has been too much of that in this war, as well as certain streets and markets in Sarajevo. [reference to Vase Miskin Street and Markale market massacres] Hopefully, there will be no more of that after Dayton. Let the Americans claim the glory, dictate the historic processes, and create spectacular shows; but we need peace. They have no history anyway, so this will serve them well, unlike the Serbs who, as is known, suffer from a surplus of historical facts, events, and individuals.

Karadzic ‘Examining’ Release of U.S. Journalist

AU0711184895 *Paris AFP in English*
1828 GMT 7 Nov 95

[FBIS Transcribed Text] Belgrade, Nov 7 (AFP)—Bosnian Serb leader Radovan Karadzic said Tuesday that he was “examining the possibility” of releasing U.S. journalist David Rohde, detained by Serb authorities ten

days ago for allegedly entering Serb-held territory with a falsified passport.

Karadzic, who reportedly received an appeal for clemency from Rhode's father, "is examining the possibility of an amnesty for the arrested American journalist, as a sign of good faith and to contribute to the peace negotiations in Dayton," the SRNA news agency reported.

The presidents of Bosnia-Herzegovina, Croatia and Serbia are meeting in U.S.-sponsored peace talks aimed at ending the conflict in ex-Yugoslavia, near Dayton, Ohio.

Rhodes, a correspondent for the Boston-based CHRISTIAN SCIENCE MONITOR is believed to be held in northeastern Bosnia, near Zvornik, where he was arrested on October 28 while trying to get to the former Moslem enclave of Srebrenica.

The U.S. journalist is serving a 15-day sentence handed down by a court in the self-declared Serb Republic.

Even as it raised hopes of a likely "amnesty," the SRNA report noted that Rhodes could be tried for espionage and, if found guilty, sentenced to three to 15 years in prison during peacetime, or even sentenced to death during wartime.

SDA, HDZ Discuss Federation, Party Relations

AU0711155895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 7 Nov 95

[FBIS Translated Text] The representatives of the Party of Democratic Action [SDA] and the Croatian Democratic Community [HDZ] of Bosnia-Herzegovina have held a meeting in Sarajevo today. Mehmedalija Susic reports:

[Susic] The topics of discussion in this meeting include the activities of the HDZ and the SDA in the political-legal and economic-financial spheres in the Federation of Bosnia-Herzegovina as stipulated by the Constitution and political and other agreements reached after the adoption of the Constitution of the Federation.

Within the second main topic of these talks were other topical issues regarding relations between the SDA and HDZ of Bosnia-Herzegovina, that is, relations between the Bosniaks and Croats in the Republic and the Federation of Bosnia-Herzegovina.

The delegations are led by Mr. Edhem Bicakcic, vice president to the SDA, and Mr. Srecko Vucina, vice president of the HDZ of Bosnia-Herzegovina. At the beginning of the meeting, SDA Vice President Edhem Bicakcic welcomed the HDZ, expressing the hope that

the talks, which are held in continuity, will be held in the same atmosphere as the peace talks in Dayton.

Expressing satisfaction with the talks and expressing gratitude for the welcome, HDZ Vice President Srecko Vucina also stressed the importance of the continuity of these talks between the top representatives of the two parties. He believes that the meeting in the capital city of the Federation will be in accord with the talks in Dayton, and proposed that the date for the continuation of the talks on these issues be set immediately. The SDA delegation accepted this proposal.

This was the end of the first part of the talks, which was open for the public. After the talks, the two delegations will hold a news conference at which they plan to read a joint statement.

Bosnian Officials Discuss NATO Deployment

LD0711203995 Zagreb HTV Television in Serbo-Croatian 1830 GMT 7 Nov 95

[FBIS Translated Text] Although the arrival of NATO forces in Bosnia-Herzegovina is directly linked to the negotiations being conducted in Dayton, the possibility of deploying these forces is being discussed in Bosnia-Herzegovina, too. At today's talks in Kiseljak, NATO's delegation was headed by Major General Richard, a liaison officer of NATO's south wing. The talks were also attended by Ejup Ganic, vice president of the Bosnia-Herzegovina Federation, Major General Filip Filipovic, Commander of the joint chiefs of staff, Slobodan Bozic, head of the Herzeg-Bosnia office for relations with UNPROFOR [UN Protection Force], and Army General Rasim Delic.

[Begin Ganic recording] This is a continuation of the meeting held a few days ago in Split. It was one of the preparatory meetings for a possible deployment of NATO troops and an assessment of all needs, as well as the existing limitations in this country...

[Filipovic, interrupting] We expect that a great deal will be specified with regard to all these positions for the forces. Clearly, details are yet to be agreed on. [end recording]

Waiting for an agreement in Dayton, NATO plans to deploy its forces in three areas. The French would cover an area between Mostar and Sarajevo, the British between Vitez and Tomislavgrad, and the Americans in the Tuzla area. Other details are yet to be discussed.

UN Officials Report Resettlement on Ethnic Lines

AU0711141095 Paris AFP in English
1255 GMT 7 Nov 95

[By Adrian Brown]

[FBIS Transcribed Text] Sarajevo, Nov 7 (AFP)—Hasty resettlement of thousands of Bosnian Moslem and Croat refugees is stamping a new ethnically pure identity on recaptured areas of Bosnia in defiance of agreements which call for multi-ethnicity, UN aid officials warned Tuesday.

At least 10,000 people have been moved into formerly Serb areas in the west and northwest of the country now under the control of government and Bosnian Croat forces.

"The pattern of these forcible relocations clearly indicates that they are motivated by political considerations and the consolidation of military conquests," the UN-HCR chief for Bosnia, Damaso Feci, said.

These territories were recaptured from Serb forces in September and October during a joint offensive by government and Bosnian Croat troops, the so-called federation forces.

The majority of this area from which tens of thousands of Serbs were swept during the offensive is controlled by the Bosnian Croat militia, the HVO. And it is there that the bulk of the refugees who are mainly Croat are being resettled UN high Commissioner for Refugee (UNHCR) spokesman, Kris Janowski, said Tuesday.

"We are especially worried about the Croat side. UN-HCR has hardly any access to areas under HVO control," Janowski said. "People are being hastily resettled along ethnic lines.

"We will see some kind of ethnically pure ghettos which is a total mockery of the commitments to multi-ethnicity."

Last year, Bosnian Croats and the Moslem-led Bosnian government signed up to form a federation in areas controlled by their respective forces after a year of bitter fighting. The Federation now forms an integral part of the US-led peace initiative currently under discussion in Dayton, Ohio.

In the agreement the two sides pledged to respect the right of displaced people to return to their original homes and to re-create the multi-ethnicity which was a feature of much of pre-war Bosnia.

Those being resettled are mainly those Croats chased out of Serb-held northern Bosnia, Janowski said. Thousands of Croats and Moslems were evicted from their homes

by the Serbs in retaliation for the loss of territories in the west of Bosnia.

Hundreds however still remain, forced to live outdoors having being evicted from their own homes, Janowski added.

"They are basically living outside and you can imagine where it's going to end. Elderly and frail people are going to die, they are going to freeze to death," he said.

"The situation for the Serbs (refugees from western Bosnia) is very difficult but the situation of the people evicted from their homes is infinitely more difficult," he added.

Aware of the potential for further conflict between the two parties, some first steps at resolving this issue was taken in the early days of the Ohio talks which began last week. Presidents Alija Izetbegovic of Bosnia and Franjo Tudjman of Croatia struck a deal on the return home of Moslem and Croat refugees.

Feci said the UNHCR was "cautiously optimistic that the recent agreement achieved in Ohio is the beginning of the process by which minority communities can return to their place of origin."

However, the resettlements are moving at such a pace that negotiators may find themselves presented with a fait accompli, Janowski said. Areas under control of the HVO are indistinguishable from those in neighbouring Croatia.

"When you travel through that area it's basically Croatia. The schools are Croat, the currency is Croat, the flags are Croat, it's Croatia," Janowski said.

UN Asks for \$5 Million to Pay for Sarajevo Gas

AU0811125595 Paris AFP in English
1223 GMT 8 Nov 95

[Report by Adrian Brown]

[FBIS Transcribed Text] Sarajevo, Nov 8 (AFP)—With a bitter Bosnian winter starting to tighten its grip on Sarajevo, appeals went out Wednesday [8 November] for extra humanitarian aid to pay for gas to keep the city warm through the freezing winter months as supplies in the capital are cut back.

"Winter here in Sarajevo is very cold and there's not enough gas coming into the city," William Eagleton, the UN chief of reconstruction, said Wednesday. "Five million dollars is urgently needed to get the city through to the end of the year.

"This is a humanitarian issue, it seems to me. We urge those in the international community to look at their

humanitarian funds and see what can be done," Eagleton said.

Gas rationing began Wednesday to cope with the sharp rise in demand brought on by the sudden wintry weather which has blanketed the surrounding hills in freezing snow and ice and dusted the city with snow.

Temperatures have dropped to around zero and are expected to fall further. At night, temperatures as low as minus 20 degrees centigrade (minus four fahrenheit) are not uncommon during the winter months.

"The problem is there are too many consumers and not enough gas," technical expert John Fawcett said. From Wednesday, the capital's 70,000 consumers will have gas on alternate days government officials announced. "It's probably the best they can do but they really have no other option," Fawcett said.

Before the war, Sarajevo had only 20,000 gas consumers. With wood and other fuels in scarce supply during the early war months gas was often the only alternative. Thousands of homes therefore hooked up to the city supply, unofficially using water hoses and other unsuitable materials.

As a result, the risk of gas explosions and leaks has greatly increased while much of the gas is wasted by inefficient burning of the fuel Fawcett said.

"There's far more gas than before the war but you have 50,000 extra consumers using all sorts of rubbish materials. They are wasting far more gas than before," he explained.

Gas supplied from Russia via a pipeline running through neighbouring Serbia and Serb-held parts of Bosnia was turned back on in early October after a break of five months.

The restoration of utilities including water and electricity was part of a package of demands made on the Bosnian Serbs in the wake of NATO airstrikes in September.

The Serbs also benefit from the gas being supplied to Sarajevo since they are allowed to siphon off a percentage as payment for transiting the gas through the pipeline.

Utilities has often been a sensitive political issue since the Serbs control the taps to turn on the gas. Valves affecting water supply and the shared electricity network are additional areas of potential conflict.

Fawcett said there was no political dimension to the current shortages. "When everyone is suspicious of each other we have to be very clear about what is happening. We have to avoid a knee jerk reaction," he said.

Bosnia's energy minister, Fauk Smajlbegovic, has said that \$3.7 million had been credited to the Russian gas company, while only \$700,000 dollars worth of the fuel had been consumed in October.

The cost of gas to Sarajevo for the whole winter is some \$25-30 million dollars Fawcett said.

Tudjman To Return to Dayton Talks on 8 Nov

AU0711172495 Paris AFP in English
1632 GMT 7 Nov 95

[FBIS Transcribed Text] Zagreb, Nov 7 (AFP)—The issue of eastern Slavonia, still unresolved after talks with separatist Serbs at the weekend, will return to the agenda in Dayton, Ohio where an overall solution to the Balkans conflict is being sought, diplomats said Tuesday.

Croatian President Franjo Tudjman will return Wednesday, along with the U.S. ambassador to Croatia Peter Galbraith, after the failure at the weekend to secure an agreement with separatist Serbs over the future of the prosperous, oil-rich farming region bordering Serbia.

Under Serb control since the start of the Balkans conflict in 1991, eastern Slavonia is the last disputed territory in Croatia.

Tudjman and his Serbian counterpart Slobodan Milosevic had agreed on the first day of talks in Dayton to settle the eastern Slavonia question through negotiations.

Galbraith, along with UN mediator Thorvald Stoltenberg, met Saturday and Sunday in Erdut, eastern Slavonia, with the separatist Serbs but failed to get them to accept an agreement in principle announced on October 3 that the territory should remain under Croatian sovereignty.

Milosevic Seen Ready To Drop Karadzic, Mladic

AU0811092595 Zagreb VJESNIK in Serbo-Croatian
4 Nov 95 p 7

[Commentary by Ivan Sabic: "Gambling With War and Peace"]

[FBIS Translated Text] All the participants in the Wright-Patterson talks stated that the need for peace is the reason that they had come to that air base. Paradoxical as it might seem, this is quite true. They all supported peace in 1991 too, as well as at all times during the war that has been destroying Bosnia-Herzegovina and Croatia, but at the same time they all supported war—in the event that their aims could not be achieved by peaceful means. The difference lies "only" in the aims that each of the warring factions wanted to achieve by putting peace at stake.

The question is therefore what Richard Holbrooke's statement—that if the present talks fail, the war will continue with much more intensity—means, and to whom it is addressed. Instead of giving an answer, it is perhaps better to ask another question: Did not everybody know during 1991 and 1992, when one unsuccessful session on the reconstruction of the then still living Yugoslav federation replaced the next, what

would happen if the negotiations collapsed? And they did collapse.

During 1991 and 1992 it was impossible to harmonize the (greater) Serbian leadership's wish to dominate the small nations with the small nations' wish to have equal status and independence. In principle things have not changed, apart from that fact that there is no longer any wish to dominate whole nations, since this has proven impossible; there is "only" the wish to occupy parts of someone else's national territory; but the warring factions are not as unequal as they were in 1991 and 1992, so that the likelihood of Milosevic's dictate being accepted is incomparably less today than at the beginning of the war. If it is added that the Croats and the Muslims have already made big concessions—from the fact that they agreed that the solution was being dragged out for such a long time, to their principal agreement to unfavorable constitutional, territorial, and other solutions—it is clear that the whole wisdom of the U.S. mediating role boils down to how much the leaders of the negotiating process will be able to make use of the newly established situation in both Croatia and Bosnia-Herzegovina in using the well-known "carrot and stick method" to force Milosevic to make concessions.

The first news from Ohio speaks about an alleged change of the Serbian attitude regarding the occupied Croatian territories, but there are also other interpretations of the report that the Croatian and Serbian presidents have agreed on a peaceful solution and on respecting human rights. If they agreed on only these two elements, and it seems that they did—if, in other words, it has not been defined within whose borders the area currently controlled by rebel Serbs should ultimately be—in effect no agreement has been reached.

This is how the latest sign given from the leaders of the "Srijem and Baranja area" should be interpreted. Only five days after Galbraith's and Stoltenberg's proposal was rejected, they responded to the news from Ohio by expressing readiness for new negotiations, even for a two-year UN protectorate, but not for an "anticipation of a political solution." This cannot be interpreted in any other way than as rejection of a solution clearly defining the future constitutional and legal position of the occupied territories. The Serbian side would prefer the proclamation of a protectorate, while the decision about which state the above mentioned "area" should belong to would be taken later on. This would leave open the possibility for the local Serb population to make this decision in a referendum, denying the same possibility to the non-Serb population that was expelled in 1991, which was the majority population in the area before that time.

Apart from local Serb authorities, which would like to decide themselves in which state they want to live, the "Federal Republic of Yugoslavia" would not have anything against the annexation of eastern Slavonija, western Srijem, and Baranja; Zoran Lilic, the president of the "Federal Republic of Yugoslavia," stated only a week ago: "We have never mentioned the reintegration of Srijem and Baranja into Croatia. We only discussed negotiations between the Serbian and the Croatian side."

The fact that territory, elections, and the constitution are the main stumbling blocks regarding Bosnia-Herzegovina clearly shows that Milosevic has adopted a firm attitude. He could not do anything else after he heard the U.S. terms and conditions. Admittedly, they are to a large extent not known to the public, but one can gain an impression about them from the U.S. officials' public statements. The most interesting is Secretary of State Warren Christopher's statement that the NATO forces would not come to Bosnia-Herzegovina if Radovan Karadzic and Ratko Mladic retained their positions, which is practically direct support for Izetbegovic's attitude that the Muslim side will not agree to any plan so long as the war criminals have not been delivered to the International Court.

From Pale, reaction came promptly from Karadzic's "information minister," Miroslav Toholj. He stated that "the Serbian people, in compliance with its national, democratic, and freedom-loving traditions, would never allow anybody from outside to impose a puppet government and a state leadership." In other words Milosevic's stubbornness about his already well-known and, naturally, unacceptable Serbian terms is supported in Belgrade, Pale, and Vukovar.

As far as Pale is concerned, it can even be claimed that the U.S. requirement that the local leaders there be replaced corresponds to its interests too, since it would like itself to get rid of those who tried to be the creators of their own way instead of executing the official policy, and it is far easier to carry out a shift if it is presented as a concession on the basis of which peace and/or some kind of a territorial concession has been bought in Ohio. It is therefore clear that Milosevic, although he actually does not have anything against Karadzic's and Mladic's replacement, he will try to sell their skin for as much as possible.

Accord Signed With Turkey on Bosnia Police Force
LD0711200495 Belgrade TANJUG in English
1928 GMT 7 Nov 95

[FBIS Transcribed Text] Ankara, Nov 7 (TANJUG)—Turkey and Croatia signed in Ankara on Tuesday an agreement on international cooperation in the field of

security and determined details around the formation of joint police forces in North-West Bosnia.

The talks focused particularly on the formation of joint police forces, by Turkey, Croatia and the Muslim government in Sarajevo, to be stationed in Velika Kladusa and Bihac, and to protect Muslim refugees from the region on their return from the Republic of Croatia.

The refugees in question are an estimated 20,000 Muslims, supporters of moderate Muslim leader Fikret Abdic, who fled an offensive of forces loyal to the Sarajevo Muslim regime.

Presidents Suleyman Demirel, Franjo Tudjman and Alija Izetbegovic agreed recently in New York to form joint police forces to protect Muslim refugees on their return from Croatia, and who apparently fear they will be persecuted by Muslim troops.

It has been learnt that the Ankara talks determined details about their return to the northwestern part of Bosnia.

Ankara and Zagreb have been intensifying contacts and developing cooperation, especially after the formation of the Muslim-Croat Federation in Bosnia a year and a half ago.

Serbs Say Srem-Baranja Talks To Resume
LD0711194395 Belgrade TANJUG in English
1742 GMT 7 Nov 95

[FBIS Transcribed Text] Vukovar, Nov 7 (TANJUG)—The Serb side expects that its talks with Croatia about the Srem-Baranja region will resume right after the return of international mediators Thorvald Stoltenberg and Peter Galbraith from Dayton, head of the negotiating team of the Srem-Baranja region Milan Milanovic said on Tuesday.

Milanovic said at a news conference that Stoltenberg and Galbraith were to leave for Dayton on Tuesday night, by which time the Serbs expect to receive an answer to their proposed agreement with Croatia communicated to the mediators on Sunday.

The Serb side could not accept an agreement proposed by the international mediators because this agreement 'has not warranted peace and the stay and secure life of the people in the Srem-Baranja region.'

The Srem-Baranja region (U.N. Sector East) is the only part of the Republic of Serb Krajina not occupied so far by the Croatian Army.

In Croatia's aggressions against Western Slavonia (Sector West) last May and the Knin Krajina (Sectors North, South) last August, several thousand Serb civilians were

killed and more than 250,000 Serbs expelled, while their houses were looted and burned down.

Milanovic stressed that the Serbs 'have nothing against American soldiers' arriving in the territory of the Srem-Baranja region.' He explained that this had been what the Serbs 'also sought with their proposal of the agreement' and it was 'essential that a force to be deployed here should guarantee the full security of the people.'

Slavko Dokmanovic, member of the negotiating team and president of the Srem-Baranja council, noted that the Serbs could not accept the offered proposal of the agreement because this proposal had actually meant the reintegration of this region into Croatia in no more than 30 days, a period also foreseen for the demilitarization and for bringing Croatian police and customs to the border with the Federal Republic of Yugoslavia.

Slavonia Serbs' News Conference

AU0711172695 Belgrade Radio Beograd Network
in Serbo-Croatian 1400 GMT 7 Nov 95

[FBIS Translated Text] Representatives of the Srem-Baranja region held a news conference in Vukovar at which they spoke about the course of peace negotiations with Croatia. Novi Sad Radio journalist Miroslav Stevanov reports from Vukovar:

[Begin recording] Of course, domestic and foreign journalists were first of all interested in why the Serb side failed on 5 November to accept the latest version of the document offered by international mediators Petar Galbraith and Thorvald Stoltenberg. Slavko Dokmanovic, president of the Council of the Srem-Baranja Region and member of negotiatory team, replied to that question:

[Dokmanovic] In any case, nothing has changed but that, according to us at least, the version has been wrapped a little more nicely. The essence of the agreement does not imply any transitional period, but a reintegration into the constitutional legal setup of Croatia in the shortest possible period. That period has been given here to be within 30 days, considering an article that envisages the demilitarization—that is, disarmament of our army to be performed within 30 days and the deployment of Croatian police along the border. We would virtually find ourselves in a ghetto without any possibility of opposing anything that may happen to us.

[Stevanov] Since the media reported after the Erdut talks that the latest version is more favorable than the previous ones, after what Slavko Dokmanovic just said, the journalists wanted to know what is it that the Serb

side will give up—that is, what concessions is it ready to make.

[Dokmanovic] We offered a peaceful solution to the problems in the region, thereby renouncing two basic principles and two basic things we had, and that is political subjectivity, that is, administration—we were ready to give this administration into UN hands—and the other thing connected with defense when we said that we are ready to perform demilitarization of this area, but that forces must come here that would guarantee security to the people. That was what we considered to be transitional period and we still think so. We could not offer more than that. Unfortunately, that which was offered to us was not even close to respecting these great sacrifice of ours. This clearly shows the other side's lack of readiness to enter the peace process. This peace process in fact serves Croats as a mask before the international community—as they knew that they would have huge losses here in the case of a conflict—to be able to cleanse this region from Serbs and other people immediately and in a peaceful way or in a longer period of one year envisaged in the document.

[Stevanov] [Words indistinct] situation commented on by Major General Dusan Loncar, commander of the Srem-Baranja Corps:

[Loncar] The members of the corps have been following the events. The army expressed full confidence in the negotiating team and this mental nervousness [word indistinct] expectations, and it is only normal that every one of them demands that this be solved in the best possible way and as soon as possible. Morale is high, as these fighters of the corps have only this territory and their families, and everything they have is here. I do not think that anybody should doubt the readiness of every member of the corps to take part in defending himself, his family, this people, and this territory actively and with all his abilities.

[Stevanov] Finally, Milan Milanovic, head of the Srem-Baranja Region negotiatory delegation, reiterated that they support the continuation of the negotiations and that they expect the continuation to take place after the negotiatory team comes back from Ohio. [end recording]

Srem-Baranja Serbs Write To UN's Butrus-Ghali

LD0711181495 Belgrade TANJUG in English
1710 GMT 7 Nov 95

[FBIS Transcribed Text] Vukovac, Nov. 7 (TANJUG)—The Council of the Srem-Baranja Region on Tuesday sent a letter to U.N. Secretary-General Butrus Butrus-Ghali, voicing hope that his wisdom

and that of all peace-loving and democratic powers in the world would help achieve justice and realize democratic interests of the region's population.

The letter said that Serbs and Croats had engaged in conflicts whenever Croatian authorities turned to pro-fascist methods and fascist ideology.

Talks with Croatia have gradually turned into ultimatums that Serbs accept such authorities unconditionally and give up their national identity or leave the region.

The Srem-Baranja region in U.N.-protected Sector East is the only part of the Republic of Serb Krajina which has not been occupied by the Croatian army.

In May and August Croatia carried out aggressions against Western southern and northern parts of Serb Krajina, killing thousands of Serb civilians, expelling about 250,000 others and torching and looting their houses.

Serbs Report Sporadic Infantry Fire

AU0711211095 Banja Luka Srpski Radio Network in Serbo-Croatian 1500 GMT 7 Nov 95

[FBIS Translated Text] In Vukovar this morning, the Command of the Slavonia-Baranja Corps of the Army of Krajina reported that regular Croatian units were sporadically opening infantry fire on the Serb defense positions last night.

The report specifies that the Croats opened fire on the Serb positions in the (?Rosinjaca) woods from the [name indistinct] area, and from the village of Brijest towards Tenjski Antunovac.

There were no casualties among the Serb soldiers.

Ship With RRF Military Equipment Leaves Ploce

LD0711190095 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1700 GMT 7 Nov 95

[FBIS Translated Excerpt] A ship carrying a large quantity of military equipment belonging to the Rapid Reaction Force [RRF] left the port of Ploce for the UK today. Tihomir Cvitanovic reports from Ploce:

[Cvitanovic] A large Ukrainian ship, the Yuriy Mak-saryov, carrying 4,386 tonnes of military equipment, left the port of Ploce today as arranged by the Ploce office of the Zadar-based international shipping agent Tanker Komerc. This is the first substantial batch of equipment to leave the British RRF logistical base in the port of Ploce on its way back to military bases in England and Germany. The ship's cargo consists of around 1,000 vehicles of various kinds, 685 pallets, and 67 containers of military equipment. [passage omitted]

Tudjman Outlines New Government's Agenda

LD0711200095 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 7 Nov 95

[FBIS Translated Text] Croatian President Franjo Tudjman today chaired the first session of the new government of Prime Minister Zlatko Matesa, held in the Presidential Palace in Zagreb. Here is a statement issued by the president's office:

Today's session discussed the program foundations for the work of the new Government. In his opening remarks, the Croatian president underscored the fact that this is a government of continuity, but also a new government, which will act in changed circumstances. Dr. Tudjman stressed that the liberation of Croatian territories has created new circumstances. Some 4.5 percent of the land territory, or 2.81 percent of the overall national territory, is under occupation.

We will liberate this area soon through our peacemaking policies and with help from the United States and the Contact Group and within the framework of the peace talks in Dayton, where Croatia's role is constructive and irreplaceable.

Our views, the president stressed, remain unchanged and we will not allow the further occupation of our territories.

Talking about the elections, President Tudjman said their results have contributed to the consolidation of democracy and the HDZ [Croatian Democratic Union] majority enables the Government to work in more stable circumstances.

President Tudjman said that the Government will conduct its policies in line with the HDZ program and in the interest of all Croatia. He also stressed that the Government will have full independence to carry out these policies, while it will consult the state leadership about new solutions and important decisions.

Croatia's success in building a democratic system and its military successes have changed strategic relations in former Yugoslavia. So, President Tudjman said, the new Croatian Government will operate in much better and more favorable circumstances.

President Tudjman stressed that it is the strategic goal of the Government to support economic, monetary, and overall stability. The president tasked the Government with carrying out infrastructural projects, while stressing the importance of communications links in Croatia. With regard to the economic tasks, he stressed that there remains the recovery of banks, public companies, and privatization, during which one should aspire to fresh

new capital and the return of emigrants who, the president said, must have a far greater share in developing Croatia's economy. This task has to be carried out without hesitation, the president said resolutely.

The goal of the economic policy is an annual growth rate of 10 percent and annual inflation in the region of 3 percent, the president said. Speaking about one of the Government's key tasks, President Tudjman also underscored the need for a demographic revival, something which requires preconditions and funds. The Government must stimulate private entrepreneurship, Tudjman stressed, as well as entrepreneurship in the public sector and in all other sectors.

Speaking at the Government session, the president stressed the need for even more efficiency in the work of the state administration, while preventing it from turning into a bureaucracy.

Capital should be attracted from all sources, domestic and foreign. In this context, concessions should also be used, but, Tudjman stressed, while bearing in mind national interests. I demand that the Government submit to the Assembly as soon as possible, a draft law on denationalization, the Croatian president stressed, adding that the Government should have a program for raising the living standards of pensioners and the most vulnerable strata of society in particular. President Tudjman tasked the Government with taking a humane approach to all citizens.

Addressing Premier Zlatko Matesa and members of the Croatian Government, President Tudjman said that it is in the interest of the entire Croatian people to consolidate all links with the Bosnia-Herzegovina Federation and its rapid implementation.

Following the Government session, President Tudjman hosted a lunch for the members of Zlatko Matesa's government and outgoing premier Nikica Valentic and the members of his government, the office of the president announces.

New Prime Minister Matesa Profiled

AU0711153695 Zagreb VJESNIK in Serbo-Croatian
4 Nov 95 p 3

[Article by Drazen Curic: "Matesa—New Prime Minister Designate"]

[FBIS Translated Text] According to the latest information from VJESNIK, by next Tuesday [7 November] at the latest the president will have appointed Zlatko Matesa, hitherto minister of economics, new prime minister designate. It can be confirmed with certainty that the ministers will keep their positions in the govern-

ment. Thus, the minister of foreign affairs will remain Mate Granic, minister of defense Gojko Susak, minister of internal affairs Ivan Jarnjak, and the minister of finance will most probably be Bozo Prka.

According to the Constitution and proposed by the prime minister, President Tudjman will appoint the ministers in the government, which will, as we have said, undergo only minor changes. Within 15 days of his appointment, the new prime minister must present his government to the Chamber of Representatives and ask it for a vote of confidence. The appointment of the prime minister and the members of the government will be accepted if the majority of the representatives in the Chamber of Representatives agree, which will certainly happen, because HDZ [Croatian Democratic Community] has a 58-percent majority.

Nikica Valentic, the outgoing prime minister, is definitely leaving politics because he plans to open an enterprise dealing with oil and financial services. His reason for leaving the prime minister's job and politics in general is his health. The fact that Valentic will most probably not even retain his seat in parliament indicates that his departure is final.

When Gojko Susak, Borislav Skegro, and Luka Bebic are appointed ministers, they will cease to be parliamentary deputies, and three places will be "freed" on the HDZ's state list. So, three more from the HDZ deputy list will enter parliament.

Zlatko Matesa was born in Zagreb in 1949. He graduated in Zagreb at the Faculty of Law and took his master's degree in humanities. He was a member of the Board of Directors of INA-Trgovina [Trading] Oil Company, the deputy general manager of INA [oil company], and director of the Restructuring and Development Agency (today the Privatization Fund) at the time of Sarinic's government.

In Valentic's government he was the minister in charge of relations with the EU and international monetary institutions. He was the coordinator of Croatia's integration into the PHARE [Economic Reconstruction Aid for Poland and Hungary] program and was responsible for preparations for Croatia's membership in the WTO. He was part of the Croatian delegation in the negotiations with the Paris and the London Clubs.

Zagreb To Try To Attract Foreign Investment

LD0711193295 Zagreb Radio Croatia Network
in Serbo-Croatian 1700 GMT 7 Nov 95

[FBIS Translated Text] Let us hear what new Prime Minister Zlatko Matesa has said among other things,

Croatian Radio. We are going to broadcast this interview in its entirety in our evening newscast.

[Begin Matesa recording] This government's goal is not going to be the preservation of this macroeconomic stability as the only goal. We regard this as a precondition for further economic development. Consequently, the government will be fully focused on seeking a solution for accelerated economic growth. We maintain that the internal and external political circumstances surrounding today's Croatia are radically different from those surrounding the start of Mr. Valentic's government. We believe that the state ought to spend less and give more. Therefore, we stress a form of redistributing the funds at our disposition, i.e. the funds in the budget so as to stimulate an investment cycle, to stimulate it by various export policies and by the same token, stimulate the private sector. Apart from, say, fiscal methods, there will also be some others, i.e. various legislative stimulation for individual Croatian areas or individual projects.

Consequently, we are going to deploy a wide range of means in order to achieve this goal of ours, which is accelerated economic growth.

Foreign loans are very important, but they are not decisive though. Everyone must be aware of this. In addition to institutionalized credits, those credits that come from international financial institutions such as the World Bank and the European Bank for Restructuring and Development etc, we are interested to a much higher degree in attracting private capital from abroad regardless of whether capital comes from our people in the diaspora or some other private investment companies. In any case, we want to concentrate on attracting private capital from abroad because it is something that directly penetrates the tissue of an economy and yields the fastest results. [end recording]

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THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

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Network of Sanctions, Embargo Busters Examined

AU0711133895 *Skopje NOVA MAKEDONIJA*
in *Macedonian* 5 Nov 95 p 2

[Report by K. Janasliev: "End of the Embargo Mafia"]

[FBIS Translated Text] The lifting of the Greek embargo and the opening of the Macedonian-Greek corridor are putting an end to the blockade busting, the trade that has been going on in these territories over the last 20 months. With the blockade of the northern and then the southern borders, special trading routes were established connecting Serbia, Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], Greece, and Bulgaria, and, to some degree, Albania. Traders from all these countries were involved in this "blockade business" and were making a lot of money, involving many middlemen.

Various goods, mainly from Greece and Serbia, were distributed through these routes, while Macedonian and Bulgarian traders were operating as middlemen. Basically, they took over the whole organization of the embargo trading. A real network was established in Bulgaria, starting from the border, where the goods were received and documents provided, to their further shipment. In the beginning, gasoline dominated because it was the most profitable. So, tankers from Greece arrived in our country, after which every trace of them disappeared. In these "phantom" shipments, the importer usually remained unknown because the customs declarations and transport documents were forged, so duties and other taxes to the state were not paid. At the same time, crude oil, gasoline, and other oil derivatives were unloaded in "unknown" warehouses, the tankers returning empty.

Some of these dubious traders, such as "Transped" of Gevgelija, have been prosecuted. The communal court of Gevgelija is currently investigating charges against the import of 648 tons of oil from Greece by an unknown importer, in which unpaid duties and other taxes deprived the state of over 3 million denars. The charges against 12 individuals, among whom are employees of "Transped" and the customs office in Gevgelija, are expected to reveal the truth about this oil shipment of two years ago, but it involves only a dozen tankers.

Bulgarian Connection

After the imposition of the sanctions against the FRY and measures by the Macedonian side for its strict implementation, 70 cars filled with oil at Gevgelija's railroad station were impounded and not allowed to continue their journey to Serbia.

After the imposition of a blockade on the southern border, the embargo trade changed its route toward Bulgaria. In addition to the increased transport costs because of the greater distance, raising the price from 600 to 1,500 German marks for each truck, a network of dubious trading was developed in Bulgaria. Vehicles left the port of Salonika with documentation stating that the goods were meant for Bulgaria, but only as far as the Greek-Bulgarian border. After crossing the border at Promasna, the vehicles obtained new documents and destinations. Special Bulgarian trade and transport companies provided them with new documents stating that the goods were now intended for Macedonia. Upon their arrival at the Novo Selo or Deve Bair crossings, the same trucks usually received further documents that secured their passage to Serbia.

In this whole business, numerous middlemen were engaged who usually knew neither the sellers nor the final buyers. Some of them did not even know the contents of the trucks. That is exactly why the whole chain was "based" on big money. Those who ordered the goods usually paid for them in advance, and the role of the Macedonian middlemen (individuals or companies) was to link them with the Greek salesmen and the Bulgarian transporters and organizers of the business. Sacks of money crossed a couple of the borders, each time reduced by what was paid to the middlemen with, according to what some of these claim, the greatest part going to Bulgaria. Actually, the total transfer of these unusual shipments was done in this country and the "Bulgarian connection" was of the utmost importance for the success of the embargo trade.

Shutting Off the Valve

It is no secret at all that the embargo trade produced a large number of salesmen and transporters in the south of the country, particularly in Strumica and Gevgelija, but also at other border centers in the country. However, this is not just a border characteristic, because the "embargo salesmen" also multiplied in Skopje, where middlemen "directed" the business. Of course, they were spreading a real mediating network and were sharing the profits.

Sandanski, Blagoevgrad, and Sofia became the main shipping and mediating centers in Bulgaria and there all the roads of these dubious deals crossed. There was not only money laundering, but also goods that were not allowed to be exported because of the blockades. This explains the high prices of these goods. Sandanski became a genuine trading center overnight, where Greek salesmen were frequent visitors, as well as their Serbian and Macedonian colleagues. In Hotel "Sandanski," either in the restaurant or the Greek tavern,

deals were made and transport routes and payoffs determined.

The lifting of the embargo will substantially cut out such deals. The salesmen themselves note that the real end of the embargo trade will follow the lifting of the sanctions against the FRY. Meanwhile, there is still interest in new deals, but stronger controls, particularly on the Macedonian side of the border, make such shipments more difficult. At the same time, the importance of the "Bulgarian connection" is lost, because the new deals are now being made directly between Macedonian and Greek salesmen.

'Greek Policy' on Border Controls Criticized

AU0311120595 Skopje NOVA MAKEDONIJA
in Macedonian 31 Oct 95 p 2

[Commentary by M. Banov: "Semilifted Embargo"]

[FBIS Translated Text] Our southern neighbor, it seems, has finally lifted the embargo against the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], after going through difficult moments for the "wise" Greek diplomacy. Or has it? It appears that this is the case. In this complex of controversial questions and conclusions, both answers are possible—yes and no. In the forthcoming weeks, the experienced Greek diplomacy, which undertook great efforts in rhetoric to normalize relations with Macedonia, will probably offer something else, a new element that will add to the total confusion over the question of whether the embargo on the Greek border with our state has been lifted or not. Even without this, however, and knowing the events that took place in the last few days, a picture of the "principled attitude" and the "good intentions" of the Greek policy has finally emerged.

The above text is probably motivated by what has been happening at the Evzoni border crossing in the last few days, where the border, depending on the mood of the Greek border officers and of those sitting in our neighbor's capital, is sometimes lifted, but at other times is not, when only selected people can cross the border.... It is known that Greece signed the protocol on car insurance and on its practical application, which implies the recognition of our green insurance cards.

The Greek successive "normalization" of relations started with a delay due to border security nonpay-

ment. The next day, the traffic was normal, and the green insurance card became a necessary document for entering this neighborly country. Saturday was the climax of Greek hypocrisy—the green card is something our "well-intentioned" neighbors have never heard of, and, therefore, it is not acceptable to them. As a result, 30 vehicles had to turn back at the Evzoni crossing. Actually, they could have entered the country if they had respected the "local custom" and paid the 160 German marks that is, for the Greeks, vehicle insurance, while for the rest of the world it represents blackmail. As for railroad transport, the situation is no better. The concerned Greeks, who are not opposed to being visited by our citizens, kindly suggested that the passengers leave their vehicles at the border and travel to Thessaloniki by public transportation. Normally, however, they forgot to mention a "triviality"—there is no bus from the border to Thessaloniki, nor is there a taxi. Finally, on Sunday, the complete Greek "wisdom" came to light with their consistency and clear vision of how relations with their neighbor are to be promoted—according to personal inclination, some Macedonian citizens could cross the border with only the green card, while others had to pay the German marks.

The whole situation of the lifting or nonlifting of the embargo raises the following question: Is it possible that the Greek border control authorities are not obeying the instructions of their administration? Have they not heard of the protocol, or have they received orders from the "top" to normalize relations with their recent enemy in a hot-cold manner and, therefore, to mistreat Macedonian citizens? If the first answer is correct, then there is no doubt that personnel changes within the ranks of the border authorities are needed. If the second answer is correct (if the government in Athens is behind this attitude), then there is the impression that our southern neighbor does not actually have good intentions toward us (regardless of what they have declared), that it cannot be liberated from the burden of intolerance toward the Republic of Macedonia, and that it needs a lot more time to understand what good-neighborly relations really are. Finally, it is absolutely tragic that a country with such a long history acts in such an irresponsible way and creates the feeling that it is, practically, not an international subject of credibility—that is, not a real state.

Electoral Commission Announces Official Results

LD0711164395 Warsaw PAP in Polish
1613 GMT 7 Nov 95

[FBIS Translated Excerpt] Warsaw, 7 Nov—This afternoon the State Electoral Commission [PKW] announced official results of the presidential elections. They are identical to those reported by PAP on Monday.

Here are the results announced by the PKW:

	Number of Votes	Percent
Aleksander Kwasniewski	6,275,670	35.11
Lech Walesa	5,917,328	33.11
Jacek Kuron	1,646,946	9.22
Jan Olszewski	1,225,453	6.86
Waldemar Pawlak	770,419	4.31
Tadeusz Zielinski	631,432	3.53
Hanna Gronkiewicz-Waltz	492,628	2.76
Janusz Korwin-Mikke	428,969	2.40

[Passage omitted including indistinct portion] The elections were carried out at 22,750 electoral districts. There were 28,136,332 people eligible to vote. Of this number, 18,203,218 cast their votes. There were 17,872,350 valid ballot papers and 330,868 void papers.

The PKW announced that because no candidate got more than half of the valid votes, Kwasniewski and Walesa are to take part in the runoff on 19 November. [passage omitted]

Kwasniewski: Victory 'Within Reach'

BR0711153795 Paris LIBERATION in French
7 Nov 95 p 10

[Interview with presidential candidate Aleksander Kwasniewski by Elisabeth Rulakowska and Veronique Soule in Warsaw; date not given: "Kwasniewski: 'Victory Is Within Reach'"]

[FBIS Translated Text] Warsaw—In an interview in English with LIBERATION, Aleksander Kwasniewski, the 40-year-old leader of the Polish Democratic Left Alliance party [SLD], explained why he thinks victory is now within reach.

[LIBERATION] Are you pleased with the results of the first round?

[Kwasniewski] Absolutely. When the results came in I had polled about 35 percent, the best the SLD has ever scored since its creation (in 1990). I need only 15 percent to win, and I think that is within my reach. Walesa will probably find it harder to obtain the votes he needs to win.

[LIBERATION] You are in favor of reforms and membership in the EU and NATO. How do you differ from Walesa?

[Kwasniewski] First of all, we have a very different view of the future constitution (Poland has a provisional constitution), especially the relations between the state and the church that will be laid down in it, plus the role of the president, which Walesa wants to reinforce. Where we differ at the economic level is in our abilities to implement reform. Walesa does not have a global vision and is not able to work with parliament. I, however, enjoy the full support of the (left wing) parliamentary majority and do have the power to apply an economic policy.

We also differ in terms of our political style. In his five years as president, Walesa more than anything proved himself skilled at tactical maneuvering, grand declarations, and conflicts. I, however, am a pragmatist and a rational politician. This is borne out by my career since 1989. When I founded the Social Democratic Party in 1990, Walesa gave us three months. Then, after the general elections of 1991, where we won 11 percent of the vote, he said that our electorate was in its death throes. But just look at us now.

[LIBERATION] How do you explain your success?

[Kwasniewski] Polish society is today closer to me than to Mr. Walesa. The people know what they want: a pragmatic leader. They have had enough of symbols. Poland aspires to stability, normal political life, and an end to the tension.

[LIBERATION] Has this first round not shown that there are two sides, the post-Solidarity camp and the postcommunist camp?

[Kwasniewski] That is not true. You know nothing about Poland if you look at things in terms of the past. We have a young democracy and a new society that is open and does not look back to the past. Those who vote for Walesa are not voting for Solidarity and are not necessarily anticommunist. However, they like his style. As for me, my electorate, no less than 35 percent of the people, comprises very few former communists.

[LIBERATION] So you do not like to be described as a postcommunist?

[Kwasniewski] Of course not, because it is not true.

[LIBERATION] Nevertheless, your party is the heir to the Polish United Workers Party, the former Communist Party...

[Kwasniewski] The United Party was not like the Soviet Communist Party or the French Communist Party. We implemented reforms, and that was not easy in the framework of the Warsaw Pact. There was a whole string of crises (1956, 1970, 1980) that changed the system. Communism in Poland was not accepted, not even in our party. At the end of the 1980's, the United Party understood that the country needed in-depth changes. However, nobody, of course, could have predicted that things would have reached the stage we are at today.

[LIBERATION] You have often said that not everything in the People's Democracy was bad....

[Kwasniewski] You cannot write history in black and white. One of the positive things was that Poland, which was one of the most badly damaged countries when the war ended, was rebuilt. An industrial infrastructure was created. There was also social promotion, with the poorest peasants having access to a university education. On the downside was the lack of democracy, freedom, national sovereignty, and the political killings and internments. However, Poland is on the path toward democracy, and there is no going back.

[LIBERATION] You favor Poland's membership in NATO. But are there not people in your party who are hesitant about this and who would rather foster good relations with Moscow?

[Kwasniewski] People do have doubts, but in other parties too. What is important here is the broad political consensus on this question. Enlargement is necessary in the process of European integration. There are two problems: the deployment of nuclear weapons and the presence of foreign troops. The Poles are very sensitive—it is not very nice just to swap one set of foreign troops (Soviet [as published] troops pulled out of Poland in 1993) with another lot, even if they are Americans.

As for Russia, it is not just our problem. While Moscow might be opposed to our joining NATO, it is also an issue for our Western partners. We must be patient in the face of the often aggressive statements made by Moscow. Russia is in the middle of an election campaign. We have to explain to Moscow that our intentions are not directed against it.

[LIBERATION] Do you fear the opposition of the church if you are elected?

[Kwasniewski] Poland is a democratic state where we can enjoy normal relations with the church, just as you do in France. I know that Catholic roots go deep in Poland. The constitution will have to guarantee the rights of believers and also the neutrality of the state.

[LIBERATION] You said recently that Walesa, if he lost, could still play an international role because of his prestige, a role similar to that played today by former U.S. presidents.

[Kwasniewski] Do you not think that is rather a good idea? However, that will be up to him to decide. A statesman is someone who remains effective, whether he wins or loses.

Kwasniewski's Staff Chief Criticizes Walesa

LD0711175995 Warsaw PAP in Polish
1700 GMT 7 Nov 95

[FBIS Translated Text] Warsaw, 7 Nov—Danuta Waniek has described today's statement made in Szczecin by Lech Walesa as "surprising and creating a basically false climate for the second round of the election campaign." Walesa says that he wants the television debate with Aleksander Kwasniewski to be the "last appearance of his opponent."

Drawing attention to the fact that the debate is not a privilege for the candidates but their duty toward the electorate, Danuta Waniek stated that "treating the debate as a place for a political execution is basically wrong. Irrespective of the final result of the elections, after 19 November both Lech Walesa and Aleksander Kwasniewski will continue to belong to the most outstanding personalities of the Polish political scene. Each of them is going to play a role assigned by the electorate and is not going to disappear from the television screens."

Waniek stressed that, "unlike his opponent, Aleksander Kwasniewski is not going to make anybody a political nonentity. Moreover, at a news conference the next day, after the first round of the elections, he gave assurances that Lech Walesa's political experience should and would be used in the interest of Poland—for example, as a negotiator on Poland's participation in an integrated Europe."

Police Chief Resigns After 'Irresponsible' Action

LD0811125195 Warsaw Polskie Radio First Program
Network in Polish 0600 GMT 8 Nov 95

[FBIS Translated Excerpt] The chief police commander has accepted the resignation of Warsaw Police Commander Arnold Superczynski, who, according to official

sources, made police equipment available to an unauthorized person in an irresponsible manner. Officially Arnold Superczynski said the request for his resignation was motivated by personal reasons. [passage omitted]

Andrzej Przemyski, spokesman for the police chief commander, has confirmed that Superczynski's resignation is connected with press reports about his making available communications equipment and police siren and flashing light to Andrzej P.

[Begin Przemyski recording] The inquiry conducted by the police chief commander's inspectorate has confirmed that Inspector Superczynski gave his consent to making police equipment available to an unauthorized person. Consequently, this resulted in the risk of the equipment being used for purposes not connected with police activity. As a result of this action, which has been assessed as irresponsible, the good name of the police has been harmed. I think this fact can be traced back to Mr. Superczynski's decisions. [end recording]

[Announcer] That was Andrzej Przemyski, spokesman for the police chief commander.

Jerzy Gwizdz [chief of President Walesa's election committee] has told Polish radio that he did not know anything about the existence of a national public electoral committee for Lech Walesa's presidency, allegedly chaired by Andrzej P. He also said that he reported the offense to the Warsaw-Srodmiescie [central Warsaw] prosecutor's office, asking for penal proceedings to be commenced in this matter.

Sejm To Discuss Problems of Walesa's Campaign
LD0811105995 Warsaw Polskie Radio First Program
Network in Polish 1000 GMT 8 Nov 95

[FBIS Translated Text] Following a motion from the Democratic Left Alliance [SLD] parliamentary floor group, the Sejm decided to include on its agenda the issue of whether the financial status of the two presidential candidates, Lech Walesa and Aleksander Kwasniewski, and their wives should be disclosed.

The Sejm is also to hear a report by the interior minister on the involvement in Lech Walesa's election campaign of Warsaw Police Chief Arnold Superczynski, who resigned yesterday.

Article Examines Walesa's Campaign Style
WS0711131095 Warsaw RZECZPOSPOLITA
in Polish 2 Nov 95 pp 4-5

[Article by Piotr Adamowicz and Kazimierz Groblewski: "Candidate Lech Walesa"]

[FBIS Translated Excerpt] This time he does not say "I do not want [to run for president], but I must." He says he wants to and explains why. He turned decreasing support into a force for him: "There are many candidates, but there is only one Walesa." He does not say that he is infallible. He admits his mistakes and says that he is sorry. He brushed away the right-wing forces and climbed on top. He is now confronted with the last obstacle—left-wing leader Aleksander Kwasniewski. If he wins, he still will be the president. If he loses, he will be, at least for some time, private citizen Lech Walesa. With a 10-year delay, the dreams of the PRL [Polish People's Republic] leadership of the 1980's will eventually come true. [passage omitted]

Anticipated Breakthrough

[Passage omitted] There is no single answer to the question of why Walesa's chances started to grow. The politicians of whom we asked this question offered various explanations, saying that, faced with the diversity of many candidates, people came to favor the clearest of them, the candidates whom they know very well and who they think stand a better chance to win; that this is an example of nostalgia for the Solidarity camp and the conviction that only Walesa can cope with Kwasniewski; and that the president's lively activities started to yield dividends. There were also many people who contended that Walesa once again had luck at a time when all signs showed that he was headed for a debacle. [passage omitted]

Everyone Criticizes Walesa

Unexpectedly, Lech Walesa does not yet attack Kwasniewski too hard. He strikes him but in a moderate and balanced way. Why? Maybe because he does not want to use up his "ammunition" before the second round. And maybe, which is always possible in the case of Walesa, it is happening all by itself, without any reason.

Walesa is not conducting a negative campaign. He does not attack his rivals first, responding instead to their attacks. There is one exception, though. He several times called Hanna Gronkiewicz-Waltz offensive names. He made her a character of one of his "stories," and he tells it at every meeting with the electorate. It is a story describing how quickly he reacts to challenges, in contrast to "some lady" who would first have to go to the

hair stylist and have a manicure to make an important decision. People usually like this wisecrack. [passage omitted]

He Beats His Breast

Walesa is in a situation different from that of his rivals. First of all, he is president, which means that he now has to account for his entire term. [passage omitted]

Forced into explanations, what is he doing? Normally, he would attack and try to prove that he is infallible. Meanwhile, Walesa beats his breast and apologizes—something that almost no one saw him doing before. He is capable of overcoming a predicament—being forced into a defensive posture—by making the best out of the situation, replacing his old saying that he never makes mistakes with a new one contending that he makes only one mistake, corrects it, and then never makes it again. [passage omitted]

"I Will Come Back After the Elections"

A rally is always opened by a short speech by the president, who explains why, despite a new economic system, not all people live well. He reminds everyone about the loss of markets and the disruption of economic ties. He assures people that things cannot be worse than they already are; they can only get better.

Amid the monologue, the loudspeaker usually starts failing. Walesa then loudly calls for an electrician. Before the nervous technicians fix the equipment, he draws a screwdriver out of the pocket and holds it high for everyone to see. He jokes that he has to go back to his old profession. The rally participants erupt with a salvo of laughter. Close contact has been established. [passage omitted]

In Jastrzeb, a question was asked by Walesa's double. "Dear Double, sit down near me, maybe I will use you, maybe they will hang you instead of me," Walesa says, eliciting loud applause from the audience.

However, a person asking a tough question can hear the following: If we hard-working people had not uprooted communism, you would not be such a hero now. This triggers applause in the audience. I did not see you in that fight. Apparently, you were somewhere behind people's backs. After that, for a change, he says: But I do not want to offend you. After such an opening, he starts answering questions.

He often makes one of his usual jokes: "He who has a microphone has power." He eases the atmosphere and makes the audience laugh. You can feel him step-by-step attracting the audience to his side. He resorts to mandatory tricks repeated at every election rally, but

people like it. Many of them are happy that they saw the president.

Walesa no longer finishes his meetings by asking those present who is and who is not for him, as he did in the past campaign. He promises everywhere to come back after the elections. But if I do not come back, it will be your fault because you did not elect me, he says. And he warns in jest that they should not then come to his house to complain or to ask him to lead them because he will be waiting for them behind the fence with a crossbow and arrow at the ready. The meeting at the Katowice Metallurgical Plant left quite a few people discontented, who recall that last time he also promised to come back but did not do so for five years.

President's Electoral Stories

He is running in these elections without a program, thinking that having a program is a deception of the electorate because presidential powers will be known only after a new constitution is approved.

He has a set of a dozen "stories," which he tells at almost all meetings. Sometimes he confuses the order in which he tells them. Because he tells them in an even tone of voice, no one notices that one story has ended and another has begun that has little in common with the previous one.

A story about the constitution is usually served to answer a question why he has not let economic-scam plotters go with only their socks on. He would say that he took the presidential oath, said "So help me God" but forgot to first read the constitution on which he took the oath. When he finally read the constitution, it turned out that it is the justice minister, not he, who is responsible for handling economic scandals.

A story encouraging participation in the elections: You participate in the elections more actively because no one in Poland has more powers than you do, and I am your president. I am neither the king nor the emperor nor chief of state. I can only do what the constitution allows me to do. He says that the votes of the audience can do a lot because they are as valid as his.

A story to counter charges of failing to fulfill promises: I only promised to lead the country to normality. We are like a boat in a storm, cooperation is being disrupted, old-regime functionaries mount resistance, dishonesty, trickery. I am steering the boat all by myself, different winds blowing. What comes next is a long speech saying that he lived through three parliaments and six governments. He could not do much without his own political base.

In a story about the Olszewski government, he uses the vocabulary from a children's "playing with boats." The president is hit with a torpedo and sunk, the Sejm hit and sunk, the Senate hit and sunk. If I had not displayed resolve, we would have been plunged into chaos by now.

Asked why he cannot unite the rightist forces, he talks about the Old Testament: Moses led the Jews in the desert for 40 years. Only then, after all that time, did they come to an agreement. [passage omitted]

An Interview With a Setback

A letter by Anna Walentynowicz published twice by TRYBUNA and some tabloids could become a turning point, an unfavorable one, in Walesa's election campaign. The former Walesa aide revealed alleged lies in his biography, saying, for example, that Walesa did not jump over the fence in 1980. Major media were not interested in the letter, and it failed to lower his chances. It is very rarely that someone asks about the letter's contents during election meetings.

Another, and much more serious, threat for Walesa could become his interview with GAZETA WYBORCZA. The interview titled "The Ducks Blew a Whistle" contained three statements of his that could have badly hurt him: that some time ago, he would have killed Jan Olszewski if he had had a gun around; that Tyminski's electorate, taken over by Lepper, consists of drunkards; and that he is prepared to give an order to shoot at workers, unlike the "lady" who would not have the guts to do that. Almost immediately, these statements were hyped by Walesa's adversaries during their election meetings.

The interview stalled Walesa's campaign for several days, but the damage was not as bad as it could have been. The president takes every occasion to repeat that the interview was not authorized by him (GAZETA WYBORCZA claims otherwise). People from the Walesa team say that the interview could have hurt the president because it appeared at a time when there was nothing more to attack. All charges have already been exhausted, while the interview provided reasons for new ones—for example, the readiness to shoot at workers. One should admit that Walesa had a lot of luck because it turned out that a print interview has had limited influence and that his rivals cannot or are not in a position to take advantage of this setback.

Making Up the Arrears

[Passage omitted] During his rallies, the president proclaims his old slogan "I want to be wise through your wisdom and strong through your strength." He recalls that he is a symbol of nonviolent victory over

communism, a Nobel Peace Prize winner, and that he had the Soviet army leave Poland and is the most popular politician in Poland and abroad.

This kind of election campaign is designed to distinguish the incumbent president from all of the other candidates, remind people about his achievements, efficiency, and position, and prove that, unlike them, he is a nonparty candidate. It is also intended to be a reminder that, in 1989, the political and economic systems in Poland were profoundly changed.

For now, regardless of other factors, thanks to Lech Walesa's active campaign, his popularity is steadily growing. One should hope that he will not all of a sudden be confident about his victory. He has to be active to the very end, says one of the president's close aides.

First Round Votes in Military Units Assessed

WS0711132695 Warsaw GAZETA WYBORCZA
in Polish 7 Nov 95 p 4

[Article by Pawel Wronski: "Walesa Does Not Seem To Have the Lead in the Military; A Row of Uniforms Behind Olek (diminutive of Aleksander, Kwasniewski's first name)"]

[FBIS Translated Text] *A soldier has the right to choose his chief commander just once—in the presidential elections. According to random reports from the voting stations, soldiers more often preferred Aleksander Kwasniewski as the commander in chief of the Armed Forces.*

The Democratic Left Alliance candidate won by a large majority at the Garrison Housing Administration in Rembertow [near Warsaw]. Lecturers and students of the National Defense Academy voted there. Kwasniewski got 1,683 votes (out of the total 3,035 that were valid), Lech Walesa got a mere 437, and Jacek Kuron came in third, slightly ahead of Tadeusz Zielinski.

Results were similar in Wedrzyn, located in remote woods, where the 18th Mechanized Regiment is stationed in the vicinity of one of the best-known testing grounds. Kwasniewski was supported by 502 voters, Walesa by 97, and Kuron by 45. In Orzysz (the 4th Armored Brigade), the inhabitants of a military housing district cast 570 votes for Kwasniewski and 146 for Walesa.

Out of all of the voting stations we investigated, the highest number of votes for the incumbent president was cast in the military housing district in Gora Kalwaria, where the Vistula Military Units of the Ministry of Internal Affairs are stationed. This is where signatures of support for Walesa were collected last July, violating the

principle of nonpolitization of the Army. The president netted 275 votes, whereas Kwasniewski got as many as 419. Jan Olszewski was third.

Kwasniewski received twice as many votes [as Walesa] in Zagan, where military units in which General Tadeusz Wilecki and General Leon Komornicki (the chief of General Staff and his deputy) served are located.

The electoral law prohibits opening voting stations in military units. The majority of opinion polls do not have the rubric "soldiers." Our data come from stations in military housing districts and garrison clubs. That is where military cadres, retired servicemen, and a few soldiers in the basic military service voted. The latter had to have a certificate from the place of their permanent residence in order to vote in the nearest station (thus many did not vote).

PSL-SLD: Coalition Not Threatened

LD0711142495 Warsaw Polskie Radio First Program Network in Polish 1300 GMT 7 Nov 95

[FBIS Translated Text] After the meeting of the Polish Peasant Party [PSL]—Democratic Left Alliance [SLD] government coalition, its representatives said that the future of the coalition was not threatened. The meeting, which was held to discuss the outcome of the first round of the presidential elections, took place in a friendly and matter-of-fact atmosphere.

Jerzy Szmajdzinski, of the SLD, stressed that the outcome of the first election round would not influence the survival of the coalition. He added that there were no signs that the PSL Supreme Council, which is to decide on 10 November who to support in the second election round, would take a position that might undermine the sense of the coalition's existence.

[Begin Szmajdzinski recording] There has been nothing to signal that on Friday the PSL Supreme Council may make a decision undermining the sense of the existence of the coalition. [end recording]

Also, Deputy Sejm Speaker Adam Struzik, of the PSL, expressed the hope that the coalition would be a lasting one, based on mutual respect and joint concern about the good of Poland.

[Begin Struzik recording] We expect this coalition to last and for it to be based on partnership, principles of mutual respect, and on securing, first, Poland's interests and, second, the fulfillment of the interests of the part of society we represent. [end recording]

PSL Wants Coalition To Stay

LD0811124295 Warsaw Polskie Radio First Program Network in Polish 1105 GMT 8 Nov 95

[FBIS Translated Text] Deputy Prime Minister Roman Jagielinski, a member of the Polish Peasant Party [PSL] leadership, expressed the opinion that the survival and consolidation of the present Democratic Left Alliance-PSL government coalition is a priority matter for the PSL. He thinks that the coalition needs stability to be able to continue the reforms.

[Begin Jagielinski recording] In my opinion, the question of whether the coalition survives and in which direction it goes is the most important matter. I have already said that for us a very important matter now is stabilizing the coalition and pushing on with the reforms in the period before the next parliamentary elections. As I mentioned before, 1996 looks very positive. We shall have possibilities for true and good parliamentary work, unless a social unrest element occurs. [end recording]

Roman Jagielinski, who spoke on Polish Radio this morning, declined to answer the question about whether at the meeting of the PSL Supreme Council, which will probably be held next week, there may be a change in the post of PSL chairman.

Sejm Speaker Jozef Zych told Polish Radio that the issue of the PSL's support for Aleksander Kwasniewski [in the second election round] is not at all obvious because the SLD-PSL agreement does not cover presidential elections. When asked about coalition loyalty, Speaker Zych said that this is an important principle, but he also suggested that this theoretical matter, as he put it, should be left for later.

Ministerial Visit to Japan, Likely Outcome

WS0711092195 Warsaw RZECZPOSPOLITA in Polish 3 Nov 95 pp 1, 10

[Article by Danuta Walewska: "Polish-Japanese Economic Thaw; There Will Be No Flood"]

[FBIS Translated Excerpt] Everything seems to indicate that, after the visit by Foreign Economic Cooperation Minister Jacek Buchacz to Japan, Polish-Japanese trade relations will live up. Renewal of governmental guarantees for export and investment contracts should result in greater trade volume between our countries and an increase in the volume of Japanese capital spending in Poland. According to data provided by the State Agency for Foreign Investment, as far as the amount of capital invested in Poland is concerned, the Japanese are today in 21st place among the biggest foreign investors in Poland. In all, seven Japanese companies are now operating in Poland.

"Japan is the last economic power that has decided to provide guarantees for investment in Poland and for trade in our country," says Piotr Kozerski, head of the Developed Countries Department in the Foreign Economic Cooperation Ministry. For our entrepreneurs, this will mean better access to high-technology Japanese goods. Thus, we should expect that investment imports from Japan will go up.

A breakthrough moment in our economic relations with Japan was the investment by Matsushita, which together with the Dutch Philips invested in the production of "green" ecological batteries. Matsushita is one of the "flagships" of the Japanese economy. Soon after that, another joint venture was opened in Poland, one of the shareholders of which is Marubeni; Sanyo opened a television-set assembly line. However, all of the ventures in our country have been very expensive because the Japanese entrepreneurs had to use costly noninsured loans to finance them.

Nonetheless, Matsushita is already satisfied that it had spent its capital in Poland. Not long ago NIKKEI WEEKLY published an article quoting a representative of this concern as saying that Poland is an excellent market. [passage omitted]

A breakthrough in Polish-Japanese relations was last year's visit to Poland by Eihiro Hata, the minister responsible for foreign commercial relations, who announced the restoration of loans guaranteed by Eximbank and MITI. Thus, it can be expected that "things will start to change." But "there will be no boom," says Director Piotr Kozerski.

For years, the Japanese were offended by us because we had decided to apply for a partial debt annulment in the Paris Club. [passage omitted]

"However, the Japanese are interested in the EU market, and this is our strong point," Director Kozerski believes. "Soon goods made in Poland will be exported duty-free to the EU market. Access to the markets of the countries of the Central European Free Trade Association is also not to be sneezed at." When making the decision to spend capital in Poland, Matsushita planned that it would export as much as 85 percent of its products.

Prospects for Japanese Investment

WS0711120095 Warsaw GAZETA WYBORCZA
in Polish 4-5 Nov 95 p 23

[Report by Jacek Pawlicki: "Poland-Japan; Invasion of the Samurai?"]

[FBIS Translated Text] Hitachi wants to manufacture cables in Poland. The Marubeni concern is thinking about capital spending in the Plock Petrochemical Plant.

Sony is going to open a television-set factory in the Warsaw area.

"Japan can afford to invest a few billion dollars in Poland," Foreign Economic Cooperation Minister Jacek Buchacz assured us at yesterday's news conference. "This is what we are expecting," he added.

The head of the Foreign Economic Cooperation Ministry [MWGzZ], who had just returned from Japan, conceded that on 2 November he was not such an optimist yet. Until the very end of his visit he did not know whether the Japanese would restore medium- and long-term loan guarantees, which was a precondition for breaking the business ice. The Japanese did not conceal the fact that the reason they decided to renew the guarantees was the fact that Poland had conscientiously paid off part of its foreign debt. They announced that they would not block our membership in the OECD, which includes the world's 25 richest countries.

The Japanese Government will grant its companies "aid loans in yen," which will be used for specific ventures in Poland. Every year Japan earmarks \$80 billion for this purpose, which is then invested in the most promising markets. The loans, on which the interest is half a percentage point lower than commercial credits, are not to be sneezed at by small and medium-size Japanese firms.

According to Buchacz, the signal showing that the financial relations with Poland are coming back to normal will encourage Japanese concerns to enter the Polish market. Japan is only 21st on the list of the biggest foreign investors in Poland. The only large-scale Japanese investment is the battery factory near Gniezno; it was built by Matsushita in cooperation with Philips.

Both Tokyo and Warsaw are waiting for domestic Japanese capital to arrive in Poland. MWGzZ claims that the signing of the first contract may result in an avalanche of others. Several concerns are already thinking about specific ventures in Poland. Marubeni has seven projects up its sleeve. They include such plans as: installation of new lines in the Plock Petrochemical Plant, the building of desalination plants in mines, and investments in the steel industry. Hitachi wants to manufacture cables with a view to exporting them to Ukraine. Sony is planning to build a television-set manufacturing plant near Warsaw.

Prospects for cooperation in the financial sector look promising as well. The Japanese Daiwa Bank will help the Finance Ministry issue Polish bonds denominated in yen on the Japanese market. The Japanese are closely watching the progress of the Mass Privatization

Program. They are interested in participating in the National Investment Funds.

According to Minister Buchacz, we should not expect any investments in the automobile industry; this industry is currently in recession in Japan.

Czechs Smuggling Radioactive Material Detained

LD0811113295 Warsaw Polskie Radio First Program Network in Polish 1000 GMT 8 Nov 95

[FBIS Translated Text] Polish border guards in Glucholazy have detained two Czech citizens who attempted to smuggle through the border 11 containers filled with radioactive material. For safety reasons the border crossing point was closed for over four hours.

Okhotsk Sea Fishing Fleet Wants Quotas Increased

LD0411215095 Warsaw TV Polonia Network in Polish 2000 GMT 4 Nov 95

[FBIS Translated Excerpt] The Polish deep-sea fishing fleet is threatened with bankruptcy. In less than two weeks, the fishing quotas assigned to us in the Russian zone of the Okhotsk Sea will be exhausted. Solidarity seamen and fishermen are demanding that those responsible for this situation be taken to court. The Ministry of Transport and Maritime Economy is trying to persuade the Russians to increase the quotas—so far without success. Adam Zakrzewski reports:

[Zakrzewski] Catches of pollock bring the greatest profits to our fleet. The sale of this fish in West Europe pays for the upkeep of several dozen trawlers. More than 90 percent of our deep-sea fishing fleet fishes in the Okhotsk Sea. Under the July agreement with Russia, we voluntarily stopped fishing for pollock in international waters. We caught more than 260,000 tonnes of fish a year there; the Russian quotas are 75,000 tonnes. [passage omitted] Poles are counting on the fishing quotas being increased at the end of next week. We will pay for them with investments in Kamchatka.

Tadeusz Szozda, deputy minister of transport and maritime economy, has this to say:

[Begin Szozda recording] Our enterprises are ready, if the talks end in fiasco, to move the ships into the international waters of the Okhotsk Sea, but then we will be dealing with a resumption of the Polish-Russian dispute over this issue. [end recording]

[Zakrzewski] A dispute with Russia may mean an announcement by its fleet of renewed naval maneuvers in the international waters of the Okhotsk Sea, and even a refusal, as happened before, of medical help to our fishermen and a ban on Polish trawlers calling at Russian ports.

Melescanu: Euro-Atlantic Integration Main Priority
*AU0811104495 Bucharest Radio Romania Network
in Romanian 2000 GMT 7 Nov 95*

[Interview with Foreign Minister Teodor Melescanu
by correspondent Mircea Rucareanu in Bucharest on 7
November—recorded]

[FBIS Translated Text] [Rucareanu] Why did the gov-
ernment include a briefing by you on its agenda today?

[Melescanu] The main reason, I would say, was the
normal and legitimate interest of the members of the
executive in learning about what has happened recently,
considering that this period has been extremely busy
in terms of international political events. For instance,
President Ion Iliescu visited the United States twice, he
attended the commemorative session to mark the United
Nations' 50th anniversary, and foreign delegations have
visited our country—most recently, as you may know,
the Greek president—so one could say that there has
been a series of international events, which, of course,
made it necessary to review, in a more orderly way,
together with the other members of the executive, our
current and future principal preoccupations on the plane
of foreign policy.

[Rucareanu] And, I assume, to make a synthesis of its
priorities.

[Melescanu] Yes, indeed. As far as our priorities are
concerned, I believe I managed to properly emphasize
during today's meeting that our principal priority re-
mains Romania's integration within European and euro-
atlantic structures. Our second priority is the develop-
ment of close ties, having a very solid economic kernel,
with the large countries, above all, the United States.
Third, as before, is the furthering of ties with the coun-
tries neighboring Romania, which we consider very im-
portant. I briefed the cabinet on the current stage of and
prospects for our relations with the Republic of Moldova
and the Russian Federation, as well as the negotiations
with Ukraine and Hungary on developing our ties and
concluding treaties and other juridical documents, in-
cluding the Romanian-Hungarian historic reconciliation
idea initiated by President Iliescu. I also presented a
brief report on relations with Bulgaria.

I stressed the importance we attach to subregional coop-
eration, mentioning that on 1 November we took over
the presidency of the Black Sea Economic Cooperation
Zone. I also briefed them on the decision to include Ro-
mania in the Central European Initiative, and, on a more
general plane, on Romania's activity within the Organ-
ization on Security and Cooperation in Europe, as well
as the United Nations. In connection with the latter as-
pect I presented a report on the Romanian peacekeeping

battalion's activity as part of the international force de-
ployed in Angola.

Besides all this, I highlighted the need for the special-
ized institutions in our country to make preparations to
ensure that Romania enjoys priority status in the pro-
gram for the economic reconstruction of former Yu-
goslavia, a program that is being drawn up by various
international bodies, above all those of the EU. Consid-
ering that certain contacts are being planned at prime
ministerial level, I, together with my colleagues, wanted
to prepare comprehensive documentation for the prime
minister so that he would be able, not only to conduct
concrete talks, but also conclude certain agreements.

[Rucareanu] Are you referring to the prime minister's
coming visit to former Yugoslavia?

[Melescanu] That is right. Certain contacts are planned
at prime ministerial level with counterparts in the
republics of Serbia and Croatia, which will probably
take place before the end of this month.

[Rucareanu] One last question, Mr. Minister. Please,
be brief. Since you mentioned the negotiations with
Hungary and Ukraine, what is the current situation
regarding those talks?

[Melescanu] As far as Hungary is concerned, I would
say that we are quite pleased to see principal reactions
coming from Hungary that are favorable to President
Iliescu's historic reconciliation initiative. The day before
yesterday, State Secretary Marcel Dinu went to Hungary
for talks on this issue. We agreed, in principle, with
our Hungarian colleagues that during the month of
December, at the latest, we will have a first round of
concrete talks on the texts put forward by the Romanian
side. I am referring to the documents proposed by the
Romanian side, as well as the text of the basic treaty,
the negotiation of which will be continued in parallel.
So I would say that this is encouraging news.

Regarding Ukraine, we held a round of talks that did
not conclude with as many concrete results as we, and
probably the Ukrainian side, wished. However, consid-
ering that there has been a great deal of speculation in
the press—triggered especially by certain positions pub-
licly adopted by our Ukrainian colleagues that are diffi-
cult to understand—I would like to point out that we did
achieve progress, the development is positive, and that,
as far as we are concerned, we are fully open to turning
our ties into ties that could be termed model relations
between two neighboring states. Currently we are level-
ing the way for contact between the two prime ministers,
with strong emphasis on the furthering of economic ties
between Romania and Ukraine. But, of course, we also

hope that they could approach and clear up the political aspects as well.

Solcanu Holds Talks With FRY Legislators

AU0711211595 Bucharest Radio Romania Network in Romanian 1700 GMT 7 Nov 95

[FBIS Translated Text] Today Senate Deputy Speaker Ion Solcanu received a parliamentary delegation of the Federal Republic of Yugoslavia [FRY] headed by the leader of its foreign policy committee [word indistinct], Mr. Borislav Jovic.

On this occasion the deputy speaker of the Romanian Senate expressed the solidarity of the Romanian legislators with Yugoslavia and expressed his belief that the embargo imposed on that country will be lifted as a result of the peace negotiations. He reiterated the stance that an agreement can be achieved through parliamentary diplomacy among the responsible factors involved in the conflict in the former Yugoslav area.

The guest expressed appreciation for Romania's support to his country and emphasized the possibility that once sanctions are lifted the relations on all levels between our countries should intensify.

The Yugoslav parliamentary delegation was also received by the members of the Romania-EU Interparliamentary Committee. The chairman of that body, Senator Ovidiu Popescu, described the activity of the Romanian officials, carried out after the EU Association Accord was concluded and Romania handed in its official request to join the European Union.

Also, today the Yugoslav legislators met with the members of the Defense, Public Order, and National Security Committees of the Chamber of Deputies.

Roman, FRY's Jovic Assess Talks on Cooperation

AU0811075095 Bucharest Radio Romania Network in Romanian 2000 GMT 7 Nov 95

[FBIS Translated Text] Today, the members of the Defense, Public Order, and National Security Committee of the Chamber of Deputies held a meeting with a Yugoslav parliamentary delegation headed by, Borislav Jovic, chairman of the foreign policy commission of the Citizens' Chamber of the Yugoslav Federal Parliament.

As expected, their talks concentrated on the evolution of the conflict in former Yugoslavia, considering that Romania has made consistent efforts to settle the crisis by use of diplomatic means.

Following today's talks, Mr. Petre Roman, the chairman of the Defense, Public Order, and National Security

Committee of the Chamber of Deputies, made the following exclusive statement for our correspondents:

[Begin Roman recording] The first conclusion after our meeting today with our Yugoslav parliamentarian colleagues is that, during all these years, there should have been broader communication, a much larger exchange of information, because, in that case, we would have been able to develop a more solid opinion on the evolution of the conflict in former Yugoslavia.

Mr. Jovic told us a simple, but very important thing; namely, that, in the former Yugoslavia, in the federative republic, the principle of the equality of the three nations—the Serbian, the Croatian, and the Muslim ones—used to function. Now, after such a long time of suffering, losses, and sacrifice, we are returning to that principle. This is a very important thing.

We found that they are very concerned about today's chances of peace. We deem it important, possible, and necessary to have the sanctions that were imposed on Yugoslavia lifted, which would be a very important thing for the nations formerly belonging to Yugoslavia to resume their normal course of life.

An exceptionally important element is our bilateral relations. There was a time when these bilateral ties used to flourish. However, the war, the conflict, and finally the sanctions simply blocked them, due to Romania's international pledges. Nevertheless, now, on the threshold of peace, which we all want so much, we are aware that these bilateral relations can develop into genuine motors powering the economic development of the two countries. [end recording]

Some of the bilateral relations that were temporarily interrupted due to the conflict in the Yugoslav region should be revived as soon as possible, as soon as the international sanctions imposed on Belgrade are lifted—said Borislav Jovic, the head of the foreign policy committee of the Citizens' Chamber of the Yugoslav Federal Parliament.

The leader of the Yugoslav delegation added:

[Begin Jovic recording, in Serbo-Croatian with superimposed translation into Romanian] We used this opportunity to present the current situation to our Romanian friends, to exchange our views regarding certain risk elements that could endanger the peace process, and to consult them on the stance we should adopt on this issue. Briefly speaking, we agreed fully on the existing problems and that we are heading toward peace, the lifting of sanctions, and prosperity for our countries. In this context, we agreed to also intensify the cooperation of our parliamentary commissions and to maintain personal contacts whenever necessary. [end recording]

Iliescu, Chinese Delegation Examine Political Ties

*AU0711181195 Bucharest Radio Romania Network
in Romanian 1400 GMT 7 Nov 95*

[FBIS Translated Text] Romania's President Ion Iliescu today received a Chinese delegation headed by Hu Jintao, member of the Political Bureau and secretary of the Central Committee of the Chinese Communist Party's [CPC] Central Committee, who is paying a visit to our country. During the meeting, the sides emphasized the special attention paid by Romania and China to developing the traditional relations between the two countries. At the same time, they pointed out that the level of bilateral economic and trade exchanges is still not up to the economic potential of Romania and China.

In this respect, the Romanian president said that—through joint efforts aimed at developing cooperation in energy, industry, and agriculture—all premises exist for the level of trade exchanges between the two countries to grow to \$1 billion yearly. In his turn, Mr. Hu Jintao presented the Chinese Government's decision to give priority to the penetration of quality Romanian products onto Chinese markets and to encourage the development and diversification of direct links at the level of local organizations and economic units.

Emphasizing the good political relations between the two countries, the Romanian president was handed a letter by his Chinese counterpart, Jiang Zemin. Mr. Ion Iliescu renewed the invitation extended to the PRC president to pay an official visit to Romania next year.

Also today, the Chinese delegation conducted talks with Foreign Minister Teodor Melescanu.

Coposu 'Well' Following Endoscopic Surgery

*AU0711180595 Bucharest Radio Romania Network
in Romanian 1700 GMT 7 Nov 95*

[FBIS Translated Text] At a news conference held today at 1715, Dr. Sorin Opreescu, the director of the Bucharest

University Hospital, said that, following the endoscopic surgical operation performed today by Dr. (Manhas) and Dr. Manculea on Mr. Corneliu Coposu [National Peasant Christian Democratic Party president], the patient is feeling well, his blood pressure is within normal limits, and a large number of respiratory parameters have been ameliorated. The intensive therapy measures are being continued.

He also said that the response to today's surgery by Mr. Coposu's body was very good.

The next medical bulletin on Mr. Coposu's health condition will be released tomorrow morning at about 0900, our correspondent reports.

Businessmen's Association Founded, Goals Set Out

*AU0711153895 Bucharest EVENIMENTUL ZILEI
in Romanian 1 Nov 95 p 4*

[Article by Dan Cristian: "Owners of Most Important Firms in Romania Set Up Association of Businessmen in Romania"]

[FBIS Translated Text] The first public appearance of the Association of Businessmen in Romania [AOAR] took place on Monday [31 October] at the Ilie Nastase Club in Bucharest.

The AOAR is an organization that represents the interests of Romanian private capital in Romania and abroad. The members of the association are owners of important commercial firms in all areas of economic activity, whose business activity figure in 1994 is over \$1 billion.

The goal of the AOAR is that, by the year 2000, over two thirds of the GNP is achieved by private firms. Similarly, the association will strive to obtain some outstanding social benefits for the approximately 100,000 families whose members have contract work with the firms of the association.

Federal**Government Urges Extension of UNCRO Mandate***LD0711165395 Belgrade TANJUG Domestic Service in Serbo-Croatian 1553 GMT 7 Nov 95*

[FBIS Translated Text] New York, 7 Nov (TANJUG)—The Yugoslav Government has asked the United Nations to extend the mandate of its peace-keeping force, known as the UN Confidence Restoration Operation [UNCRO], which are working in Croatia on establishing confidence and above all on preventing further ethnic cleansing and expulsions of the Serb population by the Croatian authorities.

A letter by Yugoslav Prime Minister Radoje Kotic, which our Ambassador to the UN Vladislav Jovanovic forwarded to UN Secretary General Butrus Butrus-Ghali, says: It is imperative that the UNCRO mandate be extended after 30 November, when it expires.

The letter stresses that unless the mandate is extended, the process of ethnic cleansing and forceful expulsion of the Serb population will continue and even be stepped up, and that the return of Serb refugees to their home will be made impossible in practice.

"If the UNCRO mandate is not extended, this will have a direct, negative impact on the peace talks and will threaten to lead to the escalation of combat operations even in other areas of former Yugoslavia," the letter says.

The letter recalls that despite the current round of talks on resolving peacefully the future of the Srem-Baranja region, Croatia is threatening to opt for a war and to resort to the use of force unless the issue is resolved by 30 November, i.e. when the UNCRO mandate expires.

"This conduct on the part of Croatia does not come as a surprise. It is quite clear that Croatia's continuous threats, constant military provocations, and the movement of troops to the areas bordering the Srem-Baranja region do not facilitate a satisfactory resolution of the problem through negotiations and by peaceful means," the letter says.

Hence, Yugoslavia is of the opinion that it is imperative to extend the UNCRO mandate until a political and acceptable solution is found.

Central Bank Head Announces Dinar Convertibility*LD0711202595 Belgrade TANJUG in English 1951 GMT 7 Nov 95*

[FBIS Transcribed Text] Belgrade, Nov. 7 (TANJUG)—Governor of the National Bank of Yugoslavia (Central Bank) Dragoslav Avramovic on Tuesday announced the return of convertibility and

implementation of the market exchange rate of the national currency, the dinar.

Avramovic, architect of the Yugoslav economic recovery programme, told a press conference that this was not a devaluation, because it had taken place much earlier, but merely a recognition of the situation on the market.

Under the Yugoslav economic recovery programme, launched in January 1994, the dinar officially trades for one German mark, but the black-market value of the German mark is now more than three dinars.

Avramovic said that the presidents of the Federal Republic of Yugoslavia and its Republics of Serbia and Montenegro had supported all 15 measures of the number two programme. The Yugoslav National Bank Council also supported the document at a session in the Adriatic town of Milocer on Monday, he added. The council proposed that the programme be implemented at once, Avramovic said and added that any stalling with the implementation of the proposed package would have devastating consequences.

A [words indistinct] exchange rate would have to improve the hard currency supply on the official market and enable banks to intervene and work, Avramovic said. He added that one of the proposed measures was a possibility that banks sell to citizens up to 500 German marks annually for other than commodity payments.

The National Bank has enough hard currency reserves to be able to intervene on the foreign exchange market according to the real exchange rate, Avramovic said.

The idea is that the balance, which was achieved on the black market, be transferred to official channels, Avramovic said and added that the initial effect of the measures might be a 400-million-dollar influx, earned through the export, which was not arriving in the country because of the present unrealistic official exchange rate.

The National Bank would not issue money, except to the value of the export increase, and it would cancel it to the value of the imports, so that its monetary neutrality would have a stabilizing effect, Avramovic said.

The consequences of the proposed measures are the restitution of the national currency, liberalization of the economy and foreign competition as well as the reform of property relations, i.e. privatization, which should make it possible to break the present economic monopolies and strengthen internal competitiveness, Avramovic said.

A reform of property relations is urgent, Avramovic said and added that a privatization model should be made

and adopted by the end of 1995 or in six months at the latest. He said that the model should be based on the offered options and foreign experiences.

It is important that the full implementation of the complete number two programme takes place before the suspension of the international sanctions against Yugoslavia, Avramovic said.

He explained that this would strengthen Yugoslavia's future negotiating position with international financiers, especially because many of those measures represent a condition for settling the question of the country's foreign debt and future uses of international monetary fund loans.

Rules Out Devaluation

AU0711185095 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 7 Nov 95

[FBIS Translated Text] Yugoslav National Bank Governor Dragoslav Avramovic said that the presidents of Serbia, Montenegro, and the Federal Republic of Yugoslavia agree with the implementation of the proposed economic policy measures. For better coordination, it was decided to form a coordination committee consisting of members of the federal government and the central bank. Here is Vesna Tenjovic reporting:

[Begin recording] [Tenjovic] Our economic system is flexible enough, so I think that eliminating double prices and establishing single ones would give positive results. Central Bank Governor Dragoslav Avramovic told journalists after returning from Milocer. An expanded session of the Council of Governors of the National Bank of Yugoslavia was held there yesterday. Complete agreement was reached on the new program of measures, the governor said, and added the following:

[Avramovic] In any case, Mr. Kontic [Federal Prime Minister] informed me on 2 November that he could not decide that alone, but talked with the presidents of the republics—I mean the plural, our republics—and they decided that this is the program to be implemented. However, they thought that best if it is implemented, legalized, or whatever you would call it, the moment sanctions are suspended. (?I also think so). [words indistinct] expect any day.

[Tenjovic] The governor claims that there will be no devaluation. However, the real price of money will be recognized. That is, the official rate will be the market rate and foreign exchange will again be [word indistinct] in banks. [end recording]

Communications Minister, Siemens Hold Talks

LD0711205795 Belgrade TANJUG in English 2026 GMT 7 Nov 95

[FBIS Transcribed Text] Belgrade, Nov 7 (TANJUG)—The Yugoslav minister for transport and communications said on Tuesday that rapid development in telecommunications would be a priority after permanent peace was established in Bosnia and the anti-Yugoslav sanctions lifted.

In talks with a Siemens Corporation delegation, Minister Zoran Vujovic said Serbia planned to double the number of telephone connections over the next five years, installing 200,000 connections every year, which is a good opportunity for any foreign partner.

Siemens Executive Director for Central and Eastern Europe Rudolf Bertsch said he believed the sanctions would be lifted soon and that his company would continue the decades-long business cooperation with Yugoslav partners, said a statement released by the Federal Information Service.

Bertsch said Siemens hoped for bigger business deals in Yugoslavia than prior to the sanctions, adding that was why the delegation comprised mostly leading men in telecommunications, transport, the production and distribution of power and medical equipment, said the statement.

The German delegation also discussed possibilities for cooperation between Serbian firms and foreign partners.

Serbia

Commentary Views Visit by French Businessmen

AU0711145295 Belgrade NASA BORBA in Serbo-Croatian 27 Oct 95 p 8

[Commentary by Misa Brkic: "The French Connection"]

[FBIS Translated Text] The French were at least 10 days late. If Gerard Dega and other managers of the French business delegation had arrived in Serbia only a little bit earlier, two big blunders would have been avoided. They would have shut the mouth of Serbian Prime Minister Mirko Marjanovic, who let an economic vulgarity slip off his tongue again, for example the statement "Our advantage is that we have preserved huge systems." They would have also made it clear to Rakovica's spoiled metal workers in front of the Federal Parliament building that there will not and should not be work for everybody.

When the media dust subsides it will turn out that the visit by the French business delegation, although basically seen by the Serbian regime as a straw to

clutch at in view of more and more frequent rumors about the lifting of sanctions, still represents much more a warning to those who would want to take us into the great big world naked and barefooted, clumsy and unprepared, racked and ignorant, like we are. It is solely their good manners and professional cordiality that prevented some representatives of big French firms and banks from fainting because of what they saw or heard in the talks with local directors or officials of the Chamber of Commerce.

Perhaps it is better that the French arrived when the blazing torches of the Rakovica metal workers in, I guess, their 100th strike in succession were already extinguished. The hosts would have had the unpleasant duty to explain what Western businessmen are unable to understand in any way: Why has the state splashed over 250 million dinars in the past several months on the revival of production of the metal complex in Rakovica, which has not produced any effect, and still the workers are unsatisfied and demanding work? How to explain to the French that the Serbian authorities have been buying time and social peace by granted loans, and that they have not made any essential improvements with regard to restructuring in terms of production, organization, cadres, and ownership of technologically outdated and productively outmoded companies? As soon as they arrived, the guests from France clearly and outspokenly stated conditions for their possible involvement—market economy and private ownership.

It would be logical if we had presented our dear guests and traditional friends (whom we had spat at and called names up until yesterday) with some possibilities that would have melted their reserve and distrust away. We could, for instance, have presented to them as potential partners some privatized companies, such as the 21st May, 14th October, Prva Petoletka, Ikarus, and Pupin electronic industries, and so forth, which is to say, plants that have used the time under sanctions to get rid of the surplus of unproductive workers, being ready to sacrifice an ailing limb in order to save the healthy organism. The French managers (just like all Western managers, after all) know how painful restructuring is, that it may take four or five years, but after that a healthy part of the company will survive, capable of taking in new capital for new projects and technologies.

One should not doubt that before their visit to Serbia the French had received precise information on the preservation of our economic systems and spoiled working class, which the authorities are keeping in the state of full working readiness, only for the sake of their own goals.

So, why would the French want us as partners? Frankly speaking, they came to see what stage of economic civilization and culture we have achieved. The frequently mentioned statement that (foreign) capital seeks (Serbian) private ownership as partner only confirms the guests' conviction that we are still in the Stone Age of economic prehistory. Fast railways and modernization of communications systems, which are much talked about in the media, at least as far as the French are concerned are rather clean jobs, that is, they would not involve much risk, because those projects would be backed by the state. True, in that respect not everything is definitely settled yet, as some local media imply: the guests have signed several protocols, which, basically, are not binding on the signatories (this was being done even previously). Only in Paris, when they thoroughly examine the Serbian system (state) hardware, will the bosses of Alcatel and Alstrom decide whether they will do business with Milorad Jaksic and Milomir Minic.

Frequent and well-intentioned suggestions over the past years to the Serbian Government that it should use the period under sanctions to prepare itself well for reopening to the world have not been taken seriously. The socialist regime has not changed anything in the state economy for years, hoping that in such a way it would cement its rule and secure for itself an exclusive right to state leadership. After their three-day experiences in Serbia, the French probably got the message that we shall somehow manage to get rid of the sanctions imposed from outside, but our internal fetters, which are unlikely to be broken by the Security Council, will remain (both on them and on us). It is our internal problem that, until we resolve it, will make out of us an interesting example for the world to study.

What we did not want to do over the past three or four years, we shall most probably have to do now and rather quickly. The French have been a warning, and for that reason the Yugoslav bank governor has rushed to announce rapid and profound changes in the economic system, which would be compatible with Western economic models. Is it possible to carry out privatization in one month or half a year? Is it possible to reduce production costs and improve the quality of goods in a short time? Can banks recover in three months, and who will make a decision (which has never been implemented so far) on insolvency of unprofitable banks? Who is ready to appear in front of a million workers and say that half of them should be written off? Who will sign the capitulation of the current economic policy—Kontic, who actually has not pursued it, or Milosevic, who has been pulling all the strings? How are judges at magistracies or police on the streets supposed

to become efficient all of a sudden when somebody defends his own private firm or protects his car?

It is easy to renounce the dream of greater Serbia, to sell out the brethren across the Drina, or sign a peace in order to preserve the government in Belgrade. But how does one accept economic reforms that basically mean negation of the current socialist authorities? Governor Avramovic said at a recent celebration that we should be forced to abolish internal sanctions. In such a context one should regard and understand the visit of the French businessmen. Even Prime Minister Marjanovic, a dedicated conservative, has yielded and allowed the governor to devalue the dinar.

Indeed, will the first step of reopening to the world be the devaluation? The French themselves said several days ago that each of our attempts to establish connections with the world would start with convertibility. Thus it could happen that we see off the business vanguard and traditional Serbian friends—the French—with the exchange rate of three dinars to one German mark. When? Why not on Sunday!

Montenegro

Djukanovic: Bosnia Accord Possible by Weekend

AU0811123095 Paris AFP in English
1208 GMT 12 Nov 95

[FBIS Transcribed Text] Washington, Nov 8 (AFP)—Visiting Montenegrin Prime Minister Milo Djukanovic predicts that the Balkan peace talks near Dayton, Ohio, could end with an agreement on Bosnia by the end of the week.

Djukanovic told reporters Tuesday [7 November] that his prediction was based on a telephone conversation with Montenegrin President Momir Bulatovic, who is a member of the joint Serbian delegation in Dayton.

"He told me that negotiations are being done in a constructive manner and that he expects that they should be ended by the end of this week," Djukanovic said through an interpreter.

He added, however, that the peace talks that began November 1 were about to address territorial issues, such as setting the borders between the Bosnian Serbs and a federation of Bosnian Moslems and Croats, adding, "That is where the complications might occur."

Djukanovic, who arrived here Saturday, said territorial issues in the Bosnia talks were more important than U.S.

and Bosnian demands that Bosnian Serb leaders Ratko Mladic and Radovan Karadzic be removed from power since they have been charged with war crimes by an international tribunal in The Hague.

Asked what the prospects of peace in Bosnia were after a multinational peacekeeping force including U.S. troops were withdrawn one year into a peace agreement, Djukanovic said none of the warring parties was keen on having any foreign troops in the territory.

"They would be the happiest if they could be left alone, and to kill each other until they're all dead," he added.

President Bulatovic is part of Serbian President Slobodan Milosevic's delegation at the peace talks being held at the Wright-Patterson Air Force Base.

Montenegro and Serbia form the rump Yugoslavia.

Assesses Pentagon Talks

AU0711175695 Belgrade Radio Beograd Network
in Serbo-Croatian 1400 GMT 7 Nov 95

[FBIS Translated Excerpt] The Montenegrin delegation led by [Prime Minister] Milo Djukanovic and [Assembly Chairman] Svetozar Marovic visited the Pentagon.

[Begin Djukanovic recording] The main topic of our talks was the possibility of Montenegro contributing to achieving as soon as possible a good quality peace on the territory of the earlier Yugoslavia and the stabilization of situation in the entire region.

The Assembly chairman and I took this opportunity to present the Montenegrin policy on these issues. The policy was met with the full approval of our interlocutors. Of course, this was an opportunity to discuss some specific, the most disputable issues that also burden the current talks in Dayton. This was an opportunity to present our interests regarding the question of Prevlaka. Apart from this, with a view to having the U.S. initiative to be best implemented after the expected signing of the Dayton agreement, Montenegro offered to provide logistical support for a successful implementation of the agreement and the use of the port of Bar as a transportation base for the deployment of soldiers to help complete the implementation of the Dayton agreement.

This was the (?final) outcome of our talks today, and I, as well as the Assembly chairman, think that we were met with a maximum understating of our interlocutors. [end recording] [passage omitted]

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